

DEC 01 2005

STATE AUDITOR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SEVIER SCHOOL DISTRICT

180 East 600 North
Richfield, Utah 84701

For the Fiscal Year Ended June 30, 2005

Tom Hales, President of the Board
Brent M. Thorne, Ph.D., Superintendent
Myron Mickelson, Asst. Superintendent
Patrick D. Wilson, CPA, Business Administrator

Prepared by:
Patrick D. Wilson, CPA, Kari Carter and Roberta Curtis

Sevier School District Mission Statement

“Excellence in Teaching and Learning”

- ⇒ Inspire the mind
- ⇒ Create a passion for learning
- ⇒ Educate for success in life

Board Goals

- ⇒ Remain fiscally responsible
- ⇒ Focus on student learning
- ⇒ Develop community engagement strategies
- ⇒ Provide staff development opportunities
- ⇒ Maintain a safe school environment

SEVIER SCHOOL DISTRICT
Table of Contents
Year Ended June 30, 2005

Page

INTRODUCTORY SECTION:

Letter of Transmittal	1
Organizational Chart	7
GFOA Certificate of Achievement for Excellence in Financial Reporting	8
ASBO Certificate of Excellence in Financial Reporting	9
List of Elected and Appointed Officials	10
Precincts of the Board of Education	11

FINANCIAL SECTION:

Independent Auditor's Report	13
-------------------------------------	----

Management's Discussion and Analysis	15
---	----

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets	26
-------------------------	----

Statement of Activities	27
-------------------------	----

Fund Financial Statements:

Balance Sheet - Governmental Funds	28
------------------------------------	----

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	29
--	----

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	30
--	----

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
--	----

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>General Fund</i>	32
---	----

Statement of Fund Net Assets - <i>Proprietary Fund</i>	33
--	----

Statement of Revenues, Expenses, and Changes in Fund Net Assets - <i>Proprietary Fund</i>	34
---	----

Statement of Fund Cash Flows - <i>Proprietary Fund</i>	35
--	----

Statement of Fiduciary Fund Assets and Liabilities - <i>Agency Funds</i>	36
--	----

Notes to the Financial Statements	37
-----------------------------------	----

Combining and Individual Fund Statements and Schedules:

Major Funds:

Comparative Balance Sheet - <i>General Fund</i>	56
---	----

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - <i>General Fund</i>	57
---	----

Schedule of Revenues - Compared to Budget - <i>General Fund</i>	58
---	----

Schedule of Expenditures - Compared to Budget - <i>General Fund</i>	60
---	----

Comparative Balance Sheet - <i>Debt Service Fund</i>	62
--	----

SEVIER SCHOOL DISTRICT

Table of Contents

Year Ended June 30, 2005

Page

FINANCIAL SECTION (Continued):**Combining and Individual Fund Statements and Schedules (Continued):**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - <i>Debt Service Fund</i>	63
---	----

Comparative Balance Sheet - <i>Capital Projects Fund</i>	64
--	----

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - <i>Capital Projects Fund</i>	65
---	----

Nonmajor Special Revenue Funds:

Combining Balance Sheet - Nonmajor Governmental Funds	68
---	----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	69
---	----

Comparative Balance Sheet - <i>School Lunch</i>	70
---	----

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - <i>School Lunch</i>	71
--	----

Comparative Balance Sheet - <i>Non K-12 Programs</i>	72
--	----

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - <i>Non K-12 Programs</i>	73
---	----

Internal Service Fund:

Statement of Fund Net Assets - <i>Internal Service Fund</i>	76
---	----

Statement of Revenues, Expenses and Changes in Fund Net Assets - <i>Internal Service Fund</i>	77
---	----

Statement of Fund Cash Flows - <i>Internal Service Fund</i>	78
---	----

Fiduciary Funds:

Combining Statement of Fiduciary Fund Assets and Liabilities - <i>Agency Funds</i>	80
--	----

Statement of Changes in Assets and Liabilities - <i>Student Activities Agency Fund</i>	81
--	----

Statement of Changes in Assets and Liabilities - <i>Central Utah Educational Services Agency Fund</i>	82
---	----

STATISTICAL SECTION (Unaudited):**Government Wide:**

Comparative Statements of Net Assets	83
--------------------------------------	----

Comparative Statements of Activities	84
--------------------------------------	----

General Fund:

Revenues by Source	85
--------------------	----

Percentage of Revenues by Source	85
----------------------------------	----

Comparison of Per Pupil Revenues by Source	86
--	----

Expenditures by Function	87
--------------------------	----

Percentage of Expenditures by Function	87
--	----

Comparison of Per Pupil Expenditures by Function	88
--	----

SEVIER SCHOOL DISTRICT
Table of Contents
Year Ended June 30, 2005

Page

STATISTICAL SECTION (Unaudited) (Continued):

Assessments and Taxes:

Property Tax Revenues by Fund	89
Percentage of Property Tax Revenues by Fund	89
Schedule of Property Tax Rates (Per \$1) by Fund	90
Property Tax Rates (Per \$1 of Taxable Value) - Direct and All Overlapping Governments	91
Percent Change for Property Tax Rates (Per \$1 of Taxable Value) - Direct and All Overlapping Governments	91
Property Tax Rates (Per \$1 of Taxable Value), Taxes Levied, Fee in Lieu of Taxes and Collections	92
Taxable and Estimated Actual Value of Taxable Property	93
Schedule of the Ten Largest Taxpayers in Sevier School District	94

Long-Term Debt:

Percent of General Obligation Bonded Debt to Taxable Value, Bonded Debt Per Capita, and Bonded Debt Per ADM	95
Computation of Legal Debt Margin	96
Computation of Direct and Overlapping General Obligation Debt	96
Percent of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures	97

Miscellaneous:

Summary of Weighted Pupil Units (WPU's)	98
Schedule of Average Daily Membership, Average Membership Growth Percentage, Average Daily Attendance and Attendance Percentage	99
Percentage of Average Daily Membership by Attendance Area	99
Ethnic and Gender Distribution of Student Population	100
District Employee and Staffing Levels (Full Time Equivalent - FTE)	101
Percentage of District Employee and Staffing Levels	101
Cost Per School Facility Per Pupil for General Fund and 10% of Basic Capital Outlay Expenditures	102
Cost Per Expenditure Function Per Pupil for General Fund and 10% of Basic Capital Outlay Expenditures	103
Cost Per Expenditure Function by Percentage for General Fund and 10% of Basic Capital Outlay Expenditures	103

SEVIER SCHOOL DISTRICT
Table of Contents
Year Ended June 30, 2005

Page

STATISTICAL SECTION (Unaudited) (Concluded):

Cost Per Expenditure Function Per Pupil by Percentage of Total General Funds and 10% of Basic Capital Outlay Expenditures (Graph)	104
School Food Services Facts and Figures	105
Schedule of Insurance in Force	106
Percent of Unreserved and Undesignated Fund Balance to Total General Fund Expenditures	107

COMPLIANCE SECTION:

Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	109
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	111
Schedule of Findings and Questioned Costs	113
Schedule of Federal Awards Expended	114
Notes to Schedule of Expenditures of Federal Awards	115
Schedule of Prior Audit Findings	116
Auditor's Report on State Legal Compliance	117

INTRODUCTORY SECTION



SEVIER SCHOOL DISTRICT

180 E. 600 N., Richfield, Utah 84701 • 435-896-8214 • Fax 435-896-8804

BRENT M. THORNE, Ph.D.
SUPERINTENDENT

MYRON A. MICKELSEN
ASST. SUPERINTENDENT

PATRICK D. WILSON
BUSINESS ADMINISTRATOR

September 30, 2005

To President Hales, Members of the Board of Education, and
The Citizens of Sevier County:

State law requires that school districts publish within five months of the close of each year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Sevier School District (District) for the year ended June 30, 2005.

Designed to meet the needs of a broad spectrum of readers of financial statements, this CAFR is divided into four major sections:

- **Introductory section** – Introduces the reader to the report and includes this transmittal letter, certificates of excellence in financial reporting, the organizational chart of the District, the list of elected and appointed officials, and a map of precincts of the Board of Education.
- **Financial section** – Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, and combining and individual fund statements and schedules.
- **Statistical section** – Contains substantial financial information, but presents tables that differ from financial statements in that they present non-accounting data, cover several years, and are designed to reflect social and economic data and financial and fiscal trends as well as the fiscal capacity of the District.
- **Compliance section** – The compliance section contains the information required by the Single Audit Act and the OMB Circular A-133 to satisfy the reporting requirements for single audit compliance, along with information required for state legal compliance.

Internal controls. This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive

framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent audits. Kimball and Roberts PC, a firm of licensed certified public accountants, has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the year ended June 30, 2005 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the year ended June 30, 2005 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this report.

Management's discussion and analysis. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

District profile. The School District was incorporated March 4, 1912, under the provisions of the State of Utah. The District is a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. The District is fiscally independent. The Board of Education is comprised of five members and is responsible, among other things, for developing policy, adopting the budget, levying taxes, incurring bonded debt, supervising committees, and hiring both the superintendent and business administrator. The superintendent and business administrator are responsible for carrying out the policies of the Board of Education and oversee the day-to-day operations of the District. The Board of Education is elected on a non-partisan basis. Board members serve four-year staggered terms with no more than four board members elected every two years.

The major purpose of the District is to provide public education for those who reside within the boundaries of the District located in Sevier County, Utah. To accomplish this purpose, as of Fall 2005, the District services three traditional high schools, three middle schools, and five elementary schools. The District also offers two special purpose programs. In addition, the District operates an alternative high school and a preschool in conjunction with each elementary.

The District served 4,393 students as measured on the October 1, 2004 fall enrollment count.

The District maintains a cost accounting system capable of determining the cost of education in each of the District's twelve K-12 schools. The average cost per student from the general fund and 10% of basic capital outlay costs for the year ended June 30, 2005 is \$5,584, an increase of \$171 from the previous fiscal year. The general fund average cost increase per student is \$233.

Major initiatives. The District is currently working to implement several computer software features to our existing District wide computer system. One of these features allows school personnel to disaggregate testing information instantly, so more timely educational decisions concerning a child's educational plan are made using testing data as the basis for change. This information is also placed on the parent page for access and review by parents and guardians. This software has proved to be very successful in meeting and exceeding reporting requirements of No Child Left Behind and the State of Utah's testing initiative UPASS and is continuing to be modified to meet the needs of administrators, principals, and teachers.

The District formed a ten-year building committee in the fall of 2004, made up of patrons from all the attendance areas, specific business industries, which are impacted by our student growth, and District personnel involved in buildings and student projections. The District asked the committee to review current buildings, future student projections, and to make recommendations to the Board of Education regarding future building needs and possible renovations to existing buildings along with possible bonding requirements. The ten-year building committee completed the task and presented their recommendations to the Board of Education on August 10, 2005. The Board thanked the committee for their efforts and insight into the District's facility needs over the next ten years. The ten-year building plan projects a student growth of 309 students over the next ten years bringing the total student count to 4,703 in 2015. The committee recommended facility priorities based on high, middle, and low needs for each school to meet the student growth and the general educational needs of the schools. The recommended facility needs identified by the committee do not require bonding over the next ten years and are capable of being funded by the current Capital Outlay fund property tax levy.

Budgetary control. The District adopts an annual budget for its funds. This budget acts as the financial operating plan for the entire year. Revisions may be implemented during the year authorizing a larger appropriation of available resources through a public hearing and approval from the Board.

All annual appropriations lapse at year-end with the exception of those indicated as a fund balance reserve. During May of each year, the District superintendent submits to the Board a proposed operating budget for the next year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Also included is a final budget for the current year ending June 30th.

If the District does not exceed the certified tax rate, a public hearing is held prior to June 22nd at which the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.

The level by which expenditures may not exceed appropriations has been interpreted by the State Superintendent of Public Instruction to be the total budgeted expenditures of a given fund.

The District's 2005 balances are sufficient to meet the 2006 budget as presented to the public in June of 2005.

Economic condition and outlook. The District is dependent upon state aid, providing 62.72 percent of government-wide revenues and 73.59 percent of the general fund revenues. Student enrollment decreased by 15 students in 2005, the overall government-wide state aid to the District increased by \$765,716 due to increased state funding in restricted basic programs and some one-time funding provided by the legislature for salaries and technology. Total government-wide per pupil revenue increased by \$197, primarily due to an increase in state aid and operating grants and contributions. Government-wide per pupil expense increased by \$562, primarily in the instructional function.

By far, the best economic news erupted on the sales front. In comparison to the first quarter of 2004, Sevier County gross taxable sales are up by almost 10 percent. An 11 percent jump in retail trade sales certainly contributed to the overall surge. In addition, service industry sales also increased by 9 percent. Finally, expenditures in the business investment category are up dramatically. Manufacturing, construction, and communications all showed large increases in capital expenditures.

The Utah Foundation reports that during the 1990's as enrollments in K-12 education slowed, so did state budgetary efforts. From 1995 to 2000, K-12 education spending fell from 41.2 percent of state spending to 38.5 percent. If it had remained at 41.2 percent, an additional \$137 million would have been appropriated to K-12 schools. Despite a reduction in the percentage of state funding for K-12 education in the later 1990's, K-12 funding increased and class sizes decreased.

The Governor's Office of Planning and Budget estimates that 147,000 new students will be enrolled in Utah schools over the next ten years.

In November 1999, the Utah Foundation published reports about Utah's "education paradox." The crux of this paradox is that in the past, Utah exercised a significant funding effort for K-12 and higher education, but that effort yielded the lowest per-pupil funding in the nation and the largest class sizes. The education paradox was more pronounced up through the mid 1990's than it is today. In the early 1990's, Utah could claim that even though its per-pupil spending was unusually low, when education spending was measured as a percentage of own-source state and local revenues, Utah ranked quite high. It remained four to five percentage points above the national average up through the 1995-96 school year. From the 1996-97 school year on, however, education spending in proportion to own-source revenues consistently fell, even as the national average consistently climbed. This resulted in Utah moving from 5th place in 1995-96 to 42nd place in 1999-2000.

National data was not produced to allow for 2000-01 calculations, but they were for 2001-02. Over the course of those two years, Utah increased its share of resources spent on education, but only slightly more than the nation as a whole, so that by the end of 2002, Utah was ranked 35th.

In the past, Utah's public education system has performed well, despite the financial constraints under which it was operated. With per-pupil funding that has long been the lowest in the country, even as it has spent a relatively large portion of its budget on education, it has still managed to consistently produce students that score well on national tests. However, in light of Utah's changing demographics, and if the percentage of Utah's own-source revenues spent on K-12 education continues to decline relative to that spent in other states, the paradox that has been a regular feature of Utah's education system will continue to dissolve.

District taxable property values in tax year 2004 increased 4.76 percent compared to an increase of 2.55 percent in 2003.

The state 2006 school finance program is designed to provide every Utah school district with a basic operation program of \$2,280 per weighted pupil unit (WPU), compared to \$2,182 per WPU in 2005.

Cash management and investments. The District maintains a cash and investment pool that is available for use by all funds. This pool has deposits, repurchase agreements, and other investments with varying maturity dates. As a result of rising interest rates and similar funds available for investment, earnings on investments for 2005 totaled \$359,370, an increase of \$102,914 or 40.13 percent from the prior year.

The District follows the State of Utah Money Management Act with the State Money Management Council that governs the District's investment policies and provides a measure of depository protection. The Council issues a list of qualified depositories to public treasurers quarterly and monitors the maximum amount of public funds each depository is eligible to hold in accordance with the law and the rules of the Council. State law and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, the public treasurers are notified immediately.

The District considers the actions of the Utah Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Risk management. The District participates in the Utah School Boards Insurance Association for workers' compensation, which is a risk pool. Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The District participates in the Utah State Risk Management system for property and liability insurance. This is a pooled arrangement where the participating entities pay annual premiums, which are designed to pay claims and build sufficient reserves so that the system will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base.

Post employment benefits. Certain employees are eligible to receive post employment benefits in the form of a stipend; healthcare benefits, and life insurance. The District finances these benefits in the year when the qualifying individual retires or leaves. The estimated total value of those benefits once an individual is determined to be eligible is designated in the general fund for early retirement incentive. The District has seventeen employees currently participating and has designated \$462,189 to meet those future financial expectations.

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the year ended June 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement for Excellence, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. *This is the fifteenth year the District has received this prestigious award.* We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The District also received the Association of School Business Officials (ASBO) International's Certificate of Excellence in Financial Reporting for the Comprehensive Annual Financial Report for the year ended June 30, 2004.

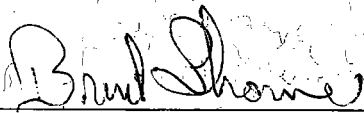
This award certifies that the report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials International.

The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials and is also valid for a period of one year. *This is the fifteenth year the District has received this prestigious award.* We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to ASBO International.

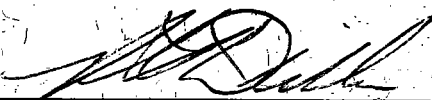
Acknowledgments. The District has implemented Governmental Accounting Standards Board (GASB) Statement Number 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, in the preparation of its financial statements for the year ended June 30, 2005. The requirement to prepare financial statements under the new GASB 34 accounting and reporting model has been described to be the most significant change in the history of public sector accounting.

The timely preparation of this report was accomplished through the efficiency and dedication of the business department staff. We would like to express appreciation to all members of the department who assisted in the preparation of this report. Special appreciation is expressed to Kari Carter, Accountant, and Roberta Curtis, who were major contributors in preparation of this report. We would also like to thank the members of the Board of Education for their interest and support in conducting the financial affairs of the District in a responsible and progressive manner.

Respectfully submitted,



Brent M. Thorne, Ph.D.
Superintendent of Schools



Patrick D. Wilson, CPA
Business Administrator

SEVIER SCHOOL DISTRICT ORGANIZATIONAL CHART

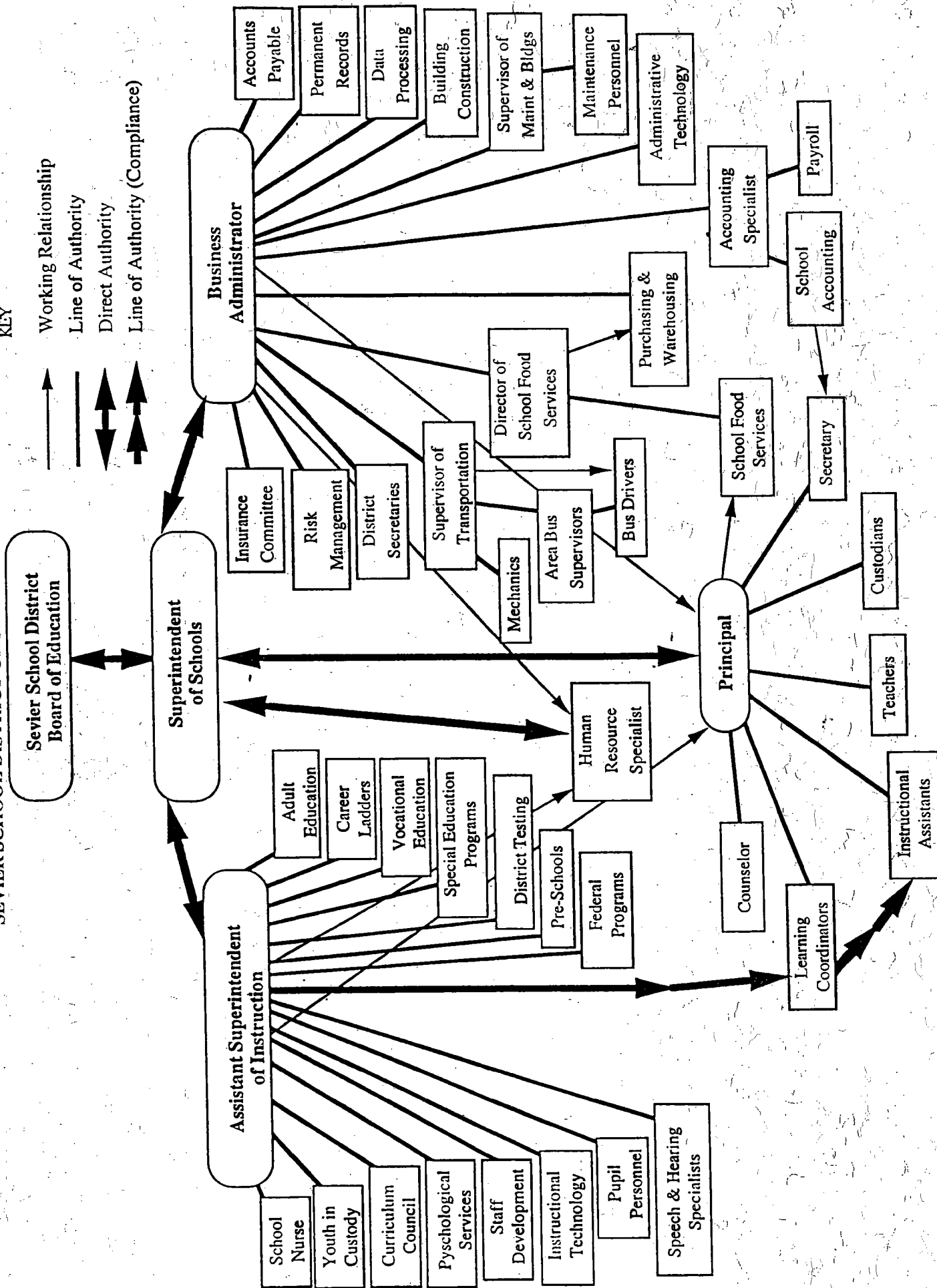
KEY

Working Relationship

Line of Authority

Direct Authority

Line of Authority (Compliance)



Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Sevier School District,
Utah**

**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004**

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zjelke

President

Jeffrey R. Enen

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

Sevier School District

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2004

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

Sevier School District
List of Elected and Appointed Officials
June 30, 2005

Elected Officials

<u>Members of the Board of Education</u>	<u>Present Term Began</u>	<u>Present Term Expires</u>	<u>Initial Appointment</u>
Michael Miles Precinct I	February 11, 2004	January 1, 2007	February 11, 2004
Don Naser Precinct II	January 6, 2003	January 1, 2007	January 6, 2003
Jack Hansen Precinct III	January 6, 2003	January 1, 2007	January 6, 2003
Clint Johnson Precinct IV	January 3, 2005	January 5, 2009	January 3, 2005
Tom Hales Precinct V	January 3, 2005	January 5, 2009	January 4, 1993

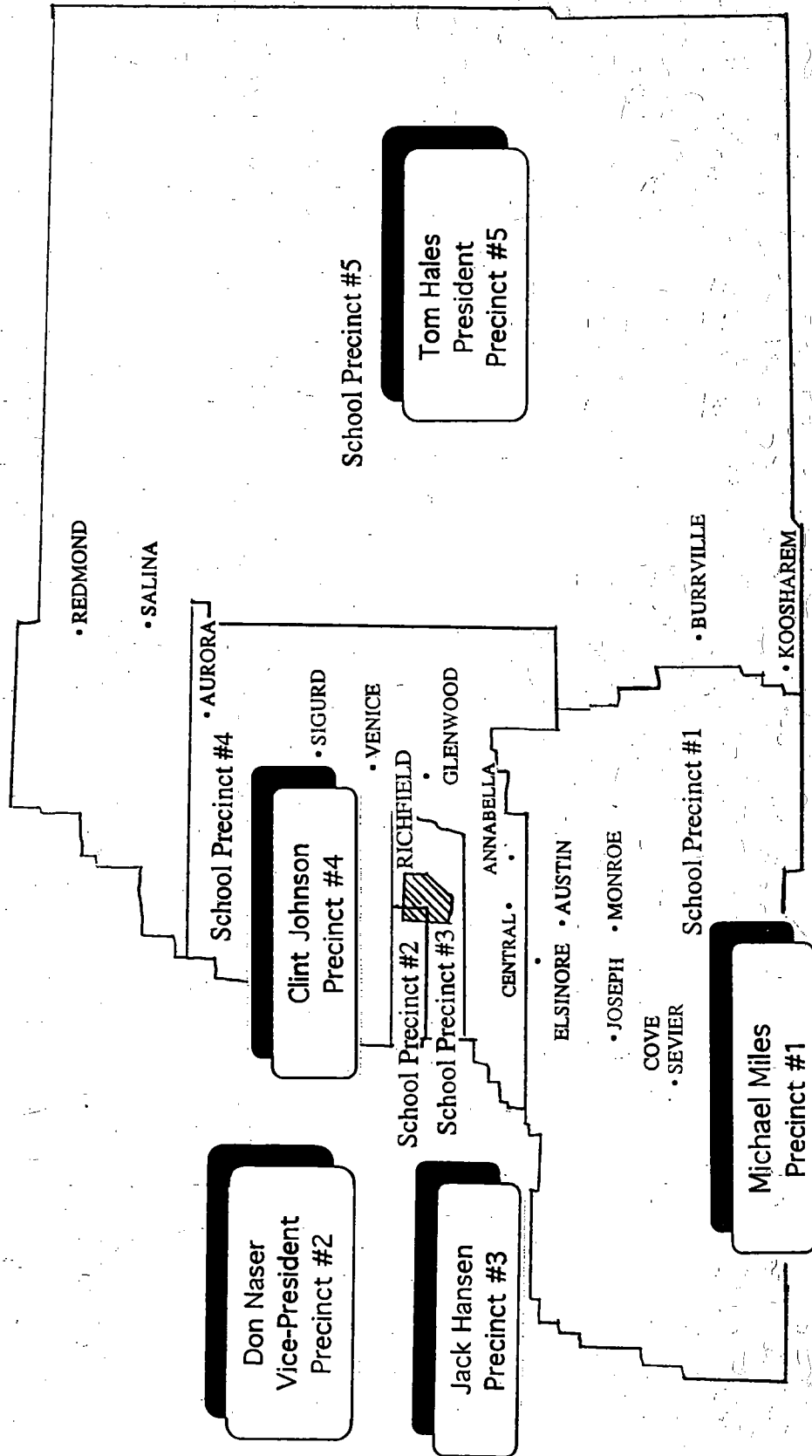
Appointed Officials

	<u>Present Term Began</u>	<u>Present Term Expires</u>	<u>Initial Appointment</u>
Brent M. Thorne* Superintendent	July 1, 2004	June 30, 2006	July 1, 1992
Patrick D. Wilson* Business Administrator	January 3, 2005	January 1, 2007	June 1, 1999

The term of office for a board member is four years, beginning on the first Monday in January following the November election.

*The term of office of the Superintendent and Business Administrator is two years.

Sevier School District Board of Education



(This page contains no information
and is used to assist in formatting, for easier reading)

FINANCIAL SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

INDEPENDENT AUDITOR'S REPORT

Sevier School Board
Sevier School District
Richfield, Utah 84701

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sevier School District as of and for the fiscal year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sevier School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

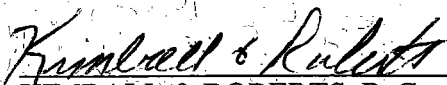
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sevier School District at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2005, on our consideration of Sevier School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, which follows this report, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sevier School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of Sevier School District. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

September 22, 2005
Richfield, Utah

Management's Discussion and Analysis

This section of Sevier School District's (District) comprehensive annual financial report presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2005. Please read it in conjunction with the transmittal letter found on pages 1 to 6 of this report and the District's financial statements, which follow this section.

Financial Highlights

- The District is dependent on state aid in the general fund, it provides 73.59 percent of our total general fund revenues. Student aggregate daily membership decreased by 6 students, -.13 percent in fiscal 2005, overall general fund state aid increased by \$822,624 or 4.84 percent due to one-time money allocated by the legislature and the WPU increase of 1.50 percent. Government-wide per pupil revenue increased by \$197, due to an increase in earnings on investment, operating grants, state aid and a decline in aggregate daily membership. State and federal unrestricted aid increased by \$234,180, due to several grants and one-time funds the District received. Property tax revenues decreased \$131,913 primarily as a result of a decrease in the District tax rate.
- Government-wide per pupil expenditures increased by \$562, due to increases in instructional costs from the general fund, primarily related to salaries, fringe benefits, and equipment purchases.
- The District's net assets exceeded liabilities by \$13,213,110 at the close of the most recent fiscal year.
- During the year, expenses were \$379,124 less than the \$29,974,140 generated in taxes and other revenues for governmental activities.
- The District has issued the full \$16,500,000 authorized by the 1996 bond election. The District believes it is capable of meeting the facility needs of the District for the next ten years with existing resources and tax levies. The District does not anticipate the need for another bond election within the next ten years.
- The District's small construction projects underway for the year ended June 30, 2005 are projected at a total cost of \$1,030,751. The District completed the new District office for a total cost of \$2,389,479. A storage garage and additional parking for Central Utah Educational Services and the new District office was also completed. The Red Hills Middle School playground area was leveled preparatory for ball fields and a walking track started with the completion expected in the fall of 2005.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves and federal and state compliance information.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this

statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned early retirement incentive).

The government-wide financial statements can be found on pages 26 to 27 of this report.

Fund financial statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, each of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of *combining and individual statements and schedules* elsewhere in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 28 to 32 of this report.

- **Proprietary fund.** *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses one internal service fund to account for services provided to all the other funds of the District involving employee benefits related to compensated absences payable. The internal service fund has been included within *governmental activities* in the government-wide financial statements.

The one internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 33 to 35 of this report.

- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the District cannot use these funds to finance its operations.

The District uses an agency fund to account for resources held for student activities and groups and Central Utah Educational Services, a regional service center providing educational services to seven school districts. The basic fiduciary fund financial statements can be found on page 36 of this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 37 to 52 of this report.

Other information. The combining and individual statements and schedules referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 56 to 82 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$13,213,110 at the close of the most recent fiscal year.

SEVIER SCHOOL DISTRICT - Net Assets

	Governmental Activities		Total Change 2005-2004
	2005	2004	
Current and other assets	\$ 21,731,359	\$ 20,331,291	\$ 1,400,068
Capital assets	24,518,540	24,784,221	(265,681)
Total assets	46,249,899	45,115,512	1,134,387
Other liabilities	14,043,092	13,145,359	897,733
Long-term liabilities outstanding	18,993,197	19,556,382	(563,185)
Total Liabilities	33,036,289	32,701,741	334,548
Net assets:			
Invested in capital assets, net of related debt	6,788,540	6,079,221	709,319
Restricted	3,318,414	3,358,336	(39,922)
Unrestricted	3,106,156	2,976,214	129,942
Total net assets	\$ 13,213,110	\$ 12,413,771	\$ 799,339

- The largest portion of the District's net assets (51 percent) reflects its investment in capital assets (e.g., land, water stock, furniture, buildings and improvements, and equipment net of accumulated depreciation), less any related debt (general obligation bonds payable less unspent bond proceeds) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District's net assets (25 percent) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.
- The remaining balance of *unrestricted net assets* (24 percent) may be used to meet the District's obligations to students, employees, and creditors and to honor next year's budget.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

Investment in capital assets decreased by \$265,681 during the year ended June 30, 2005. This decrease resulted primarily from the current year depreciation for equipment and buildings and construction funds being used for renovations rather than new construction from the Capital Projects Fund.

The District's unrestricted assets increased by \$129,942 during the year ended June 30, 2005. This increase is primarily due to general fund revenues exceeding general fund expenditures, which increased the general fund balance by \$434,603.

The District's net assets increased by \$799,339 during the current fiscal year. The following discussion and analysis on governmental activities focuses on this increase:

Governmental activities. The key elements of the increase of the District's net assets for the year ended June 30, 2005 are as follows:

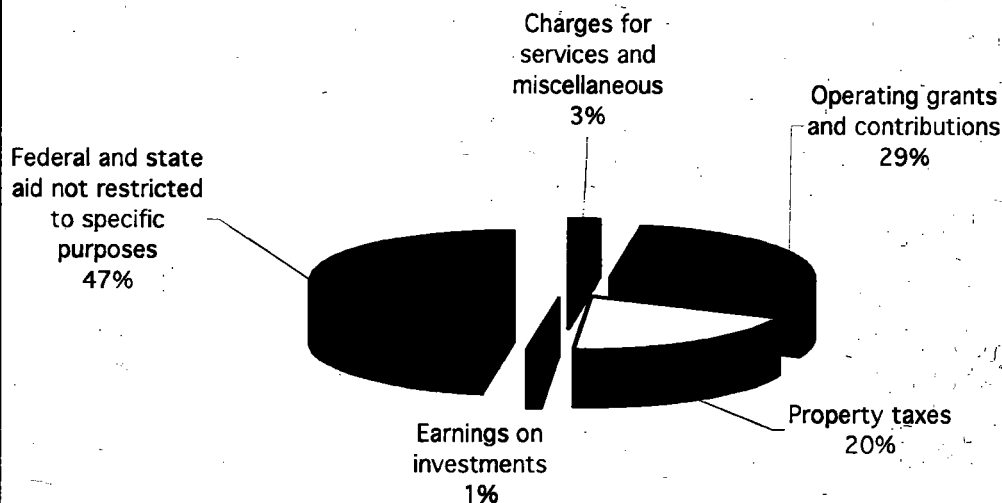
SEVIER SCHOOL DISTRICT'S Changes in Net Assets			
	<u>Governmental activities</u>		<u>Total</u>
	<u>2005</u>	<u>2004</u>	<u>2005-2004</u>
Revenues:			
Program revenues:			
Charges for services	\$ 622,316	\$ 577,386	\$ 44,930
Operating grants and contributions	8,611,562	6,927,473	1,684,089
General revenues:			
Property taxes	6,011,813	6,143,726	(131,913)
Federal and state aid not restricted to specific purposes	14,198,077	15,126,175	(928,098)
Earnings on investments	359,370	256,456	102,914
Miscellaneous	143,830	101,958	41,872
Total revenues	<u>29,946,968</u>	<u>29,133,174</u>	<u>813,794</u>
Expenses:			
Instructional services	19,526,034	16,766,365	2,759,669
Supporting services:			
Students	553,468	541,746	11,722
Instructional staff	261,810	255,288	6,522
District administration	526,497	529,744	(3,247)
School administration	1,406,167	1,404,571	1,596
Business/data processing	471,618	424,133	47,485
Operation and maintenance of facilities	2,861,418	3,431,099	(569,681)
Transportation	1,261,902	1,219,927	41,975
School lunch services	1,422,921	1,283,629	139,292
Interest on long-term liabilities	855,794	885,501	(29,707)
Total expenses	<u>29,147,629</u>	<u>26,742,003</u>	<u>2,405,626</u>
Increase (decrease) in net assets	<u>799,339</u>	<u>2,391,171</u>	<u>(1,591,832)</u>
Net assets - beginning	<u>12,413,771</u>	<u>10,022,600</u>	<u>2,391,171</u>
Net assets - ending	<u><u>13,213,110</u></u>	<u><u>12,413,771</u></u>	<u><u>\$ 799,339</u></u>

SEVIER SCHOOL DISTRICT'S Revenue and Expense per Pupil

	Governmental activities		Total change
	2005	2004	2005-2004
Revenue per Pupil:			
Local	\$ 1,642	\$ 1,626	\$ 16
State	4,321	4,139	182
Federal	926	927	(1)
Total revenue per pupil	<u>\$ 6,889</u>	<u>\$ 6,692</u>	<u>\$ 197</u>
Expense per Pupil	<u>\$ 6,705</u>	<u>\$ 6,143</u>	<u>\$ 562</u>
Student Population	4,347	4,353	(6)

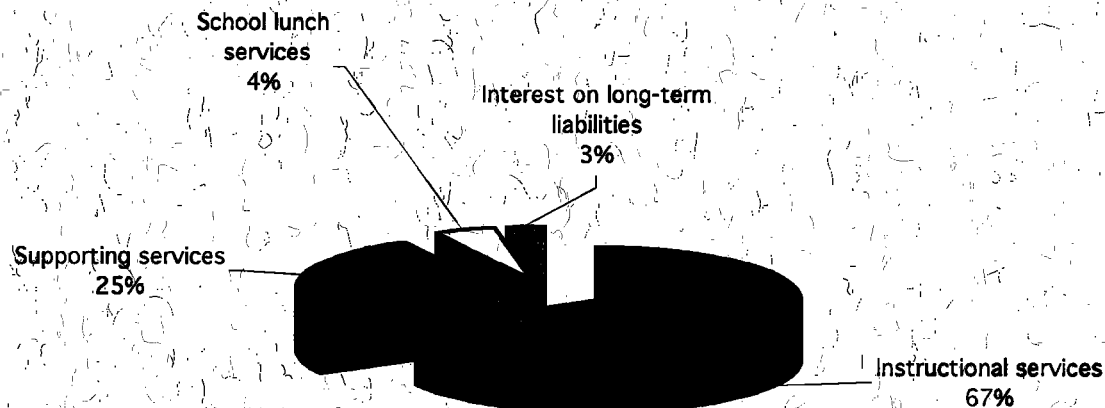
- State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. The state guarantees that if local taxes do not provide money equal to the guarantee, it will make up the difference with state funding. Certain special students receive a weighting greater than one. The value of the WPU increased by 1.50 percent during the year ended June 30, 2005 (\$2,182 during 2005 as compared to \$2,150 in 2004). With increases in one-time funding and restricted basic programs, the District had an overall gain of state revenue. Government-wide per pupil revenue increased by \$197. The increase is due to the decrease in students and an increase in earnings on investments and the increases in State funding through operating grants and contributions. Government-wide per pupil expenditures increased by \$562. The increase is primarily due to increased instructional costs for salaries and technology equipment.
- Property tax revenues decreased by 2.15 percent primarily from a decrease in the District's tax rate. District taxable property values in tax year 2004 increased 4.76 percent compared to an increase of 2.55 percent in 2003. The District lowered its total tax rate by 4.48 percent for the fiscal year.

Revenues by Source - Governmental Activities



- Instructional services represent the largest dollar increase in expense of \$2,759,669 due to the increase in salaries, fringe benefits, and technology equipment purchases.
- Operation and maintenance of facilities decreased by \$569,681, which reflects a shift of resources towards instruction and the delay in the completion of several maintenance projects.

Expenditures by Function - Governmental Activities



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The general fund balance increased by \$434,603 resulting in a year-end balance of \$3,508,175. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$23,769,054, an increase of 4.03 percent during the current fiscal year. This compares to a 1.49 percent increase in 2004. Instructional services represent 70.60 percent of general fund expenditures.

- General fund salaries totaled \$14,858,122 while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$4,933,610 to arrive at 83.27 percent of total general fund expenditures, an increase of 1.80 percent over 2004.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions. Reservations indicate the portion of the District's fund balances that are not available for appropriation. The unreserved fund balance is, in turn, subdivided between designated and undesignated portions. Designations reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of debt service, capital projects, and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion. The \$3,508,175 fund balance of the general fund is primarily designated for the following purposes:

- *Reserved for restricted program balances* of \$42,243 is reserved for the tort liability and special transportation levies and is maintained for specific uses for which the property taxes are levied. These funds are reserved and do not represent available expendable financial resources except within their specific program.
- *Designation for undistributed reserve* of \$1,300,000 or 4.67 percent of general fund budgeted expenditures is reserved for general contingencies. As allowed by state law, the District has established an undistributed reserve within the general fund; this amount is set aside for contingencies or possible reductions in state funding and is not to be used in the negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's favorable bond rating given by Moody's Investor Service.
- *Designation for early retirement incentive* of \$462,189 is designated by the District for the early retirement incentive, which is needed to fully fund those benefits established by the policies of the District regarding individuals who have retired.
- *Designation for property tax recapture* of \$161,494 is designated by the District for the property taxes collected after April 1, 2005, which are used for equalization of the WPU for the future fiscal year. The specific revenues are the K-12 WPU, the voted leeway and the board leeway, which are equalized by the State through local property tax collections.

General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$3,089,452 or 12.50 percent in total general fund expenditures to provide for new programs, increases in existing programs, and the budgeting of deferred revenues.

During the year, final budgeted revenues were more than original budgetary estimates by \$3,346,270 or 13.91 percent, to account for anticipated increases in federal, state aid, and the budgeting of deferred revenues from the prior year.

Even with these adjustments, actual expenditures were \$4,044,681 below final budgeted amounts. The most significant positive variances were \$3,121,290 in instructional services and \$642,512 in supporting services-operation and maintenance of facilities. On the other hand, revenues were \$3,179,177 below the final budgeted amount. Variances primarily result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

Capital Asset and Debt Administration

Capital Assets. The capital projects fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. The District began a new administrative district office building during 2004 at a projected cost of \$2,546,457 and completed the facility during 2005 at a total cost of \$2,389,479. The District began the renovations of Monroe Elementary, Richfield High School girl's locker room, and the girl's restroom facility at Pahvant Elementary at a projected cost of \$1,030,751 with an expected completion date of August 2005. The project at Monroe Elementary dealt with energy and seismic upgrades to the older portion of the building.

Capital assets at June 30, 2005 and 2004 are outlined below:

SEVIER SCHOOL DISTRICT'S Capital Assets (net of accumulated depreciation)

	Governmental Activities		Total Change
	2005	2004	2005-2004
Land	\$ 3,075,964	\$ 3,075,964	\$ -
Construction in progress	-	1,596,457	(1,596,457)
Water stock	21,415	21,415	-
Buildings and improvements	20,023,798	18,704,469	1,319,329
Furniture and equipment	1,397,363	1,385,916	11,447
Total revenues	\$ 24,518,540	\$ 24,784,221	\$ (265,681)

Additional information on the District's capital assets can be found in Note 4 to the basic financial statements.

Debt Administration. The District has issued the full \$16,500,000 authorization resulting from the November 1996 bond election. The District currently has no remaining authorization to issue general obligation bonds without first holding a new bond election. The District does not anticipate the need for another bond election within the next ten years.

The general obligation bonded debt of the District is limited by state law to 4 percent of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2005 is \$48,256,064. General obligation debt at June 30, 2005 is \$17,730,000, resulting in a legal debt margin of \$30,526,064.

Although it is not unusual for governments to have a 30-year bond payoff schedule, the District maintains an aggressive schedule to retire all of its general obligation bonds by 2018.

SEVIER SCHOOL DISTRICT'S Outstanding Debt

	Governmental Activities		Total Change
	2005	2004	2005-2004
General obligation bonds	\$ 17,730,000	\$ 18,705,000	\$ (975,000)

Additional information on the District's long-term debt can be found in Note 7 to the basic financial statements.

Changing Enrollment Within the District

The components of changing enrollment are migration and the kindergarten to grade 12 (K-12) differential. The K-12 differential is the size of the twelfth grade leaving compared to the size of the kindergarten students entering the District in a given year. District births and number of students per grade are known data. District growth occurs when the number of kindergarten students entering the system exceeds the twelfth grade students leaving the system in a given fiscal year. Declining enrollment would occur if the number of twelfth grade students leaving the District were greater than the number of kindergarten students entering the District, provided all other factors remained constant.

The District has suffered declining enrollment since 1996 when enrollment peaked at 5,051. Enrollment was 4,393 on October 1, 2004, a decrease of 658 students or 13.03 percent from the peak. Declines are due to smaller family sizes and lower county-wide births.

The District has dealt with declining enrollment and the corresponding funding losses by reducing staff, benefits paid to staff, consolidating and reducing administrative positions, and reducing or eliminating some programs. It is anticipated that enrollment will stabilize with the decreases becoming smaller in the near term, with some small growth projected.

SEVIER SCHOOL DISTRICT'S Enrollment Changes (2005-2010)

Birth year of kindergarten students	2001	2002	2003	2004	2005	
District fiscal year	2006	2007	2008	2009	2010	Total
Kindergarten students entering	321	306	337	361	336	1,661
12th grade students leaving	307	341	323	362	324	1,657
K-12 Differential	14	(35)	14	(1)	12	4

The District's enrollment for the 2005 year decreased by 15 students for a total of 4,393 students as measured by the October 1, 2004 count.

Requests for Information

This financial report is designed to provide a general overview of the Sevier School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Sevier School District, 180 East 600 North, Richfield, UT 84701.

(This page contains no information
and is used to assist in formatting, for easier reading)

**BASIC FINANCIAL
STATEMENTS**

JUNE 30, 2005

SEVIER SCHOOL DISTRICT**Statement of Net Assets**

June 30, 2005

	Governmental Activities
Assets:	
Cash and investments	\$ 14,110,182
Receivables:	
Property taxes	6,443,312
Other governments	857,713
Other local	214,260
Inventories	105,892
Capital assets:	
Land and water stock	3,097,379
Other capital assets, net of accumulated depreciation	<u>21,421,161</u>
Total assets	<u>46,249,899</u>
Liabilities:	
Accounts payable	2,568,269
Accrued interest	63,970
Accrued salaries	1,981,932
Unearned revenue:	
Property taxes	6,356,265
Other governments	3,072,656
Other local	500
Noncurrent liabilities:	
Due within one year	1,339,197
Due in more than one year	<u>17,654,000</u>
Total liabilities	<u>33,036,789</u>
Net Assets:	
Invested in capital assets, net of related debt	6,788,540
Restricted net assets:	
School lunch	311,005
Non K-12 programs	86,822
Debt service	667,671
Capital projects	2,252,916
Unrestricted net assets	<u>3,106,156</u>
Total net assets	<u>\$ 13,213,110</u>

The notes to the basic financial statements are an integral part of this statement.

SEVIER SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2005

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities	
Governmental activities:					
Instructional services	\$ 19,526,034	\$ 115,107	\$ 6,497,631	\$	(12,913,296)
Supporting services:					
Students	553,468	-	173,182		(380,286)
Instructional staff	261,810	-	17,513		(244,297)
District administration	526,497	-	64,703		(461,794)
School administration	1,406,167	-	-		(1,406,167)
Business/data processing	471,618	-	17,585		(454,033)
Operation and maintenance of facilities	2,861,418	-	150,530		(2,710,888)
Transportation	1,261,902	32,339	726,779		(502,784)
School lunch services	1,422,921	474,870	963,639		15,588
Interest on long-term liabilities	855,794	-	-		(855,794)
Total school district	\$ 29,147,629	\$ 622,316	\$ 8,611,562		(19,913,751)
General revenues:					
Property taxes levied for:					
General purposes					2,496,566
Transportation					252,774
Recreation					157,563
Debt service					1,668,310
Capital outlay					1,436,600
Federal and state aid not restricted to specific purposes					14,198,077
Earnings on investments					359,370
Miscellaneous					143,830
Total general revenues					20,713,090
Change in net assets					799,339
Net assets - beginning					12,413,771
Net assets - ending					\$ 13,213,110

The notes to the basic financial statements are an integral part of this statement.

SEVIER SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2005

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Assets:					
Cash and investments	\$ 9,613,855	\$ 686,110	\$ 2,612,419	\$ 396,790	\$ 13,309,174
Receivables:					
Property taxes	2,856,271	1,921,711	1,498,580	166,750	6,443,312
Other governments	776,087	-	-	81,626	857,713
Other local	207,385	1,597	1,376	3,902	214,260
Inventories	-	-	-	105,892	105,892
Total assets	<u>\$ 13,453,598</u>	<u>\$ 2,609,418</u>	<u>\$ 4,112,375</u>	<u>\$ 754,960</u>	<u>\$ 20,930,351</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 2,110,500	\$ -	\$ 379,224	\$ 78,545	\$ 2,568,269
Accrued salaries	1,929,998	-	-	51,934	1,981,932
Unearned revenue:					
Property taxes	2,894,663	1,945,008	1,518,641	168,951	6,527,263
Other governments	3,009,762	-	-	62,894	3,072,656
Other local	500	-	-	-	500
Total liabilities	<u>9,945,423</u>	<u>1,945,008</u>	<u>1,897,865</u>	<u>362,324</u>	<u>14,150,620</u>
Fund Balances:					
Reserved for:					
Tort liability & transportation	42,243	-	-	-	42,243
Debt service	-	664,410	-	-	664,410
Construction commitments	-	-	600,000	-	600,000
Unreserved:					
Designated, reported in:					
General fund for:					
Undistributed reserve	1,300,000	-	-	-	1,300,000
Early retirement incentive	462,189	-	-	-	462,189
Property tax recapture	161,494	-	-	-	161,494
Construction commitments	-	-	1,520,000	-	1,520,000
Undesignated, reported in:					
General fund	1,542,249	-	-	-	1,542,249
Capital projects fund	-	-	94,510	-	94,510
Special revenue funds	-	-	-	392,636	392,636
Total fund balances	<u>3,508,175</u>	<u>664,410</u>	<u>2,214,510</u>	<u>392,636</u>	<u>6,779,731</u>
Total liabilities and fund balances	<u>\$ 13,453,598</u>	<u>\$ 2,609,418</u>	<u>\$ 4,112,375</u>	<u>\$ 754,960</u>	<u>\$ 20,930,351</u>

The notes to the basic financial statements are an integral part of this statement.

SEVIER SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2005

Total fund balances for governmental funds \$ 6,779,731

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 3,075,964	
Construction in progress	-	
Water stock	21,415	
Buildings and improvements, net of \$20,299,912 accumulated depreciation	20,023,798	
Furniture and equipment, net of \$3,956,005 accumulated depreciation	1,397,363	24,518,540

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 170,998

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is \$63,970. (63,970)

Internal service funds are used by management to charge the costs of employee benefit services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets at year-end are: 0

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end are:

Bonds payable	(17,730,000)	
Early retirement incentive payable	(462,189)	(18,192,189)
Total net assets of governmental activities		\$ 13,213,110

SEVIER SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2005

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Revenues:					
Property taxes	\$ 2,761,767	\$ 1,675,850	\$ 1,443,093	\$ 158,275	\$ 6,038,985
Earnings on investments	249,187	31,207	78,617	359	359,370
School lunch sales				474,870	474,870
Other local sources	222,878	-	-	68,398	291,276
State aid	17,825,564	-	434,174	522,450	18,782,188
Federal aid	3,164,261	-	-	863,190	4,027,451
Total revenues	24,223,657	1,707,057	1,955,884	2,087,542	29,974,140
Expenditures:					
Current:					
Instructional services	16,781,917	-	-	480,533	17,262,450
Supporting services:					
Students	553,468	-	-	-	553,468
Instructional staff	261,810	-	-	-	261,810
District administration	514,771	-	-	11,434	526,205
School administration	1,406,167	-	-	-	1,406,167
Business/data processing	446,387	-	-	16,351	462,738
Operation and maintenance of facilities	2,720,081	-	-	113,412	2,833,493
Transportation	1,084,453	-	-	-	1,084,453
School lunch services	-	-	-	1,421,907	1,421,907
Capital outlay	-	-	1,947,865	-	1,947,865
Debt service:					
Bond principal	-	975,000	-	-	975,000
Bond interest	-	855,160	-	-	855,160
Paying agent fees & other costs	-	4,300	-	-	4,300
Total expenditures	23,769,054	1,834,460	1,947,865	2,043,637	29,595,016
Excess (deficiency) of revenues over (under) expenditures	454,603	(127,403)	8,019	43,905	379,124
Other financing sources (uses):					
Transfer (out)/in	(20,000)	-	-	20,000	-
Sale of capital assets	-	-	11,891	-	11,891
Total other financing sources (uses)	(20,000)	-	11,891	20,000	11,891
Net change in fund balances	434,603	(127,403)	19,910	63,905	391,015
Fund balances - beginning, as restated	3,073,572	791,813	2,194,600	328,731	6,388,716
Fund balances - ending	\$ 3,508,175	\$ 664,410	\$ 2,214,510	\$ 392,636	\$ 6,779,731

The notes to the basic financial statements are an integral part of this statement.

SEVIER SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2005

Net change in fund balances-total governmental funds \$ 391,015

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for furniture and equipment and for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 1,269,870	
Loss on disposal of capital assets	10,134	
Proceeds from sales of capital assets	(11,891)	
Depreciation expense	<u>(1,533,794)</u>	(265,681)

The governmental funds report bonds issued as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities if material. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General obligation bonds issued		
Repayment of bond principal	975,000	
Interest expense - general obligation bonds	<u>3,666</u>	978,666

Property tax revenues received prior to the year for which they are being levied are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. Deferred property tax revenues decreased this year. (27,172)

In the statement of activities, certain operating expenses - special termination benefits (early retirement incentive) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, early retirement incentive payable decreased. (277,489)

Change in net assets of governmental activities \$ 799,339

SEVIER SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Property taxes	\$ 2,544,103	\$ 2,745,002	\$ 2,761,767	\$ 16,765
Earnings on investments	150,300	240,465	249,187	8,722
Other local sources	144,850	221,207	222,878	1,671
State aid	17,911,905	20,527,882	17,825,564	(2,702,318)
Federal aid	3,305,406	3,668,278	3,164,261	(504,017)
Total revenues	24,056,564	27,402,834	24,223,657	(3,179,177)
Expenditures:				
Current:				
Instructional services	17,146,631	19,903,207	16,781,917	3,121,290
Supporting services:				
Students	603,876	645,640	553,468	92,172
Instructional staff	261,517	265,099	261,810	3,289
District administration	555,125	569,715	514,771	54,944
School administration	1,416,264	1,454,184	1,406,167	48,017
Business/data processing	448,090	470,289	446,387	23,902
Operation and maintenance of facilities	3,195,023	3,362,593	2,720,081	642,512
Transportation	1,097,757	1,143,008	1,084,453	58,555
Total expenditures	24,724,283	27,813,735	23,769,054	4,044,681
Excess of revenues over expenditures	(667,719)	(410,901)	454,603	865,504
Other financing sources (uses):				
Transfer out	-	(20,000)	(20,000)	-
Net change in fund balances	(667,719)	(430,901)	434,603	865,504
Fund balances - beginning	2,324,065	2,821,187	(3,073,572)	
Fund balances - ending	\$ 1,656,346	\$ 2,390,286	\$ 3,508,175	\$ 865,504

The notes to the basic financial statements are an integral part of this statement.

SEVIER SCHOOL DISTRICT
Statement of Fund Net Assets
Proprietary Fund
June 30, 2005

		Governmental Activities - Internal Service Fund
		<u>2005</u>
Assets:		
Current assets:		
Cash and investments		\$ 801,008
Total assets		<u>\$ 801,008</u>
Liabilities:		
Current liabilities:		
Compensated absences payable		\$ 140,745
Noncurrent liabilities:		
Compensated absences payable		<u>660,263</u>
Total liabilities		<u>801,008</u>
Net assets:		
Unrestricted		
Total net assets		<u><u>\$ -</u></u>

The notes to the basic financial statements are an integral part of this statement.

SEVIER SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2005

	Governmental Activities - Internal Service Fund <u>2005</u>
Operating revenues:	
Charges for services	\$ 137,835
Operating expenses:	
Compensation claim payments - <i>vacation</i>	27,165
Compensation claim payments - <i>leave</i>	100,118
Employee benefits	10,552
Total operating expenses	<u>137,835</u>
Operating income (loss)	<u>-</u>
Change in net assets	-
Total net assets - beginning	<u>-</u>
Total net assets - ending	<u>\$ -</u>

The notes to the basic financial statements are an integral part of these statements.

SEVIER SCHOOL DISTRICT
Statement of Fund Cash Flows
Proprietary Fund
Year Ended June 30, 2005

**Governmental Activities -
Internal Service Fund**
2005

Cash flows from operating activities:	
Receipts from interfund services provided	\$ 137,835
Payments to employees	(134,043)
Net cash provided by operating activities	<u>3,792</u>
Net change in cash and cash equivalents	3,792
Cash and cash equivalents - beginning	<u>797,216</u>
Cash and cash equivalents - ending	<u>\$ 801,008</u>
Displayed on statements of fund net assets as:	
Cash and investments	<u>\$ 801,008</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Increase (decrease) in compensated absences payable	<u>3,792</u>
Total adjustments	<u>3,792</u>
Net cash provided by operating activities	<u>\$ 3,792</u>
Noncash investing, capital, and financing activities:	none

The notes to the basic financial statements are an integral part of this statement.

SEVIER SCHOOL DISTRICT
Statement of Fiduciary Fund Assets and Liabilities
Agency Funds
June 30, 2005

	<u>Total Agency Funds</u>
Assets:	
Cash and investments	\$ 1,084,884
Accounts receivable - other governments	<u>268,275</u>
Total assets	<u>\$ 1,353,159</u>
 Liabilities:	
Due to student groups	\$ 685,931
Due to other governments	<u>667,228</u>
Total liabilities	<u>\$ 1,353,159</u>

The notes to the basic financial statements are an integral part of this statement.

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sevier School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The Reporting Entity – The District was incorporated March 4, 1912 under the provisions of the State of Utah. The Board of Education, comprised of five elected individuals, is the governing authority for the District and comprises the primary and only educational government within Sevier County. The District is not a component unit of any other primary government.

Government-wide and fund financial statements – The *government-wide financial statements* (the statement of net assets and the statement of activities) display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instructional, school administration, operation and maintenance of facilities, and school lunch services) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line item. Program revenues include 1) fees and charges paid by students and other recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

The *fund financial statements* provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category (governmental, proprietary and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
Continued

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.
- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites; construction and remodel of facilities; and procurement of equipment, textbooks, and supplies necessary for providing educational programs for all students within the District.

The District reports the following non-major governmental funds:

- The *school lunch fund* accounts for the food service activities of the District as required by state and federal law. Financing is provided by local sales along with substantial subsidies from the State of Utah and the United States Government.
- The *non-K-12 programs fund* accounts for programs that are not part of the basic educational program of kindergarten, elementary and secondary students, or community educational and recreational activities.

Additionally, the District reports the following fund types, proprietary and fiduciary funds.

- *Internal service fund (proprietary fund)* accounts for employee compensated absences benefits provided to other funds of the District on a cost-reimbursement basis.
- *Student activities agency fund (a fiduciary fund)* – accounts for resources that belong to the student bodies of the various schools. It accounts for activities such as sports, dances, plays, clubs, etc.
- *Central Utah Educational Services (CUES) (a fiduciary fund)* – The District is the fiscal agent for CUES. CUES functions under its own appointed Board of Directors, which is comprised of Superintendents from the seven districts that are served. The accounting reflects the District's fiduciary responsibility for CUES.

Measurement focus, basis of accounting, and financial statement presentation – The *government-wide and proprietary fund financial statements* are reported using the economic resources measurement focus. The government-wide, proprietary, and agency fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
Continued

and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty-days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and early retirement, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgetary Data – Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a District level for the internal service fund or the student activities agency fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- During May of each year, the District superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.
- Copies of the proposed budget are made available for public inspection and review by the patrons of the District.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22nd at which the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
Continued

increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.

- Certain interim adjustments in estimated revenue and expenditures during the year-ended June 30, 2005, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenue variances will be negative, and overall fund expenditure variances will be positive.

Deposits and Investments – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The District's investments are reported at fair value at year-end. The Utah Public Treasurers' Investment Fund operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

Cash and Cash Equivalents – The District considers cash and cash equivalents in proprietary funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

Encumbrances – An encumbrance accounting system, in which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Outstanding appropriations lapse at fiscal year-end and the District re-appropriates funds from the subsequent year to complete those transactions, which the District intends to honor.

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
Continued

Inventories – Inventories are valued at cost or, if donated, at fair value when received, using the moving average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are reported in the governmental funds as revenue when received.

Capital Assets – Capital assets, which include land, water stock, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements & portable classrooms	20
Furniture	10
Kitchen equipment	10
Maintenance equipment	10
Office equipment	10
Playground equipment	10
Portable classrooms	10
Vocational education equipment	10
Buses	8
Vehicles	8
Audio visual equipment	5
Computer equipment	5

Compensated Absences – Compensated absences are those salary and benefit related payments for absences for which employees may be paid, such as vacation and leave, to include related payroll taxes. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or in which such events take place.

All vacation and vested leave pay, plus related payroll taxes are accrued when incurred in the government-wide and internal service fund financial statements. A liability for these amounts is

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
Continued

reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

Comparative Data and Reclassifications – Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

NOTE 2. DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2005 consist of the following:

Demand deposits - checking	\$ 2,428,368
Investments - PTIF	12,766,698
Total cash and investments	\$ 15,195,066

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental	\$ 13,309,174
Proprietary - restricted	801,008
Fiduciary	1,084,884
Total cash and investments	\$ 15,195,066

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that District funds be deposited with a qualified depository, which includes any depository institution, which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
Continued

amount of public funds, which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements, which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets, which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments, which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and Investment Risk – The District maintains no investment policy containing any specific provisions intended to limit the District's exposure to interest-rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The District's compliance with the provisions of UMMA addresses each of these risks.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the District are available immediately.

Credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. As of June 30, 2005 the carrying amount of deposits was \$2,428,368 of which \$391,186 was covered by FDIC insurance.

Custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the Sevier County Treasurer as an agent of the District. Utah statutes establish the process by which taxes are

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
Continued

levied and collected. The county assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer.

Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2 percent penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6 percent; the interest period is from January 1 until date paid.

Beginning January 1, 1992, an annual uniform fee based on the value of motor vehicles was levied in lieu of an ad valorem tax on motor vehicles. This uniform fee was 1.5 percent of the fair market statewide value of the property, as established by the State Tax Commission. Effective January 1, 1999, legislation required motor vehicles be subject to an "age-based" fee that is due each time a vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$10 to \$150 based on the age of the vehicle. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when the County collects it.

As of June 30, 2005, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2005 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion. The property taxes receivable and property taxes deferred revenue accounts at June 30, 2005 are summarized as follows:

	General	Debt Service	Capital Projects	Governmental Funds	Totals
Property taxes - receivable:					
Levied for current and prior years (delinquent)	\$ 119,663	\$ 87,234	\$ 57,759	\$ 7,043	\$ 271,699
Levied for future year	2,736,608	1,834,477	1,440,821	159,707	6,171,613
	<u>\$ 2,856,271</u>	<u>\$ 1,921,711</u>	<u>\$ 1,498,580</u>	<u>\$ 166,750</u>	<u>\$ 6,443,312</u>
Property taxes - deferred revenue:					
Levied for future year and collected	\$ 84,445	\$ 51,242	\$ 44,125	\$ 4,839	\$ 184,651
Levied for future year and uncollected	2,736,608	1,834,477	1,440,821	159,707	6,171,613
Deferred property tax revenue - governmental activities, statement of net assets	2,821,053	1,885,719	1,484,946	164,546	6,356,264
Levied for current and prior years (delinquent)	73,610	59,289	33,695	4,404	170,998
Deferred property tax revenue - governmental funds, balance sheet	<u>\$ 2,894,663</u>	<u>\$ 1,945,008</u>	<u>\$ 1,518,641</u>	<u>\$ 168,950</u>	<u>\$ 6,527,262</u>

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
Continued

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 3,075,964	\$ -	\$ -	\$ 3,075,964
Construction in progress	1,596,457	-	(1,596,457)	-
Water stock	21,415	-	-	21,415
Total capital assets, not being depreciated	4,693,836	-	(1,596,457)	3,097,379
Capital assets, being depreciated:				
Buildings and improvements	39,004,381	2,515,302	-	41,519,683
Furniture and equipment	5,341,921	351,025	(26,123)	5,666,823
Total capital assets, being depreciated	44,346,302	2,866,327	(26,123)	47,186,506
Accumulated depreciation for:				
Buildings and improvements	(20,299,912)	(1,195,973)	-	(21,495,885)
Furniture and equipment	(3,956,005)	(337,821)	24,366	(4,269,460)
Total accumulated depreciation	(24,255,917)	(1,533,794)	24,366	(25,765,345)
Total capital assets, being depreciated, net	20,090,385	1,332,533	(1,757)	21,421,161
Governmental activities capital assets, net	<u>\$ 24,784,221</u>	<u>\$ 1,332,533</u>	<u>\$ (1,598,214)</u>	<u>\$ 24,518,540</u>

For the year ended June 30, 2005, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instructional services	\$ 1,318,234
Supporting services:	
District administration	292
Business/data processing	8,880
Operation and maintenance of facilities	27,925
Transportation	177,449
School lunch services	1,014
Total depreciation expense, governmental activities	<u>\$ 1,533,794</u>

The District is obligated at June 30, 2005, under construction commitments as follows:

Project	Project Authorized	Costs to Date	Costs to Complete
Sevier School District -Small Projects 2005	\$ 1,030,751	\$ 430,751	\$ 600,000
	<u>\$ 1,030,751</u>	<u>\$ 430,751</u>	<u>\$ 600,000</u>

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
Continued

NOTE 5. RETIREMENT PLANS

Defined Benefit Plans – The District contributes to the State School Contributory and the State School Noncontributory Retirement Systems (collectively, the Systems), which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). URS provides refunds, retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the URS and plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Plan members in the State and School Contributory Retirement System are required to contribute 1.00 percent of annual covered salary, and the District contributes 13.89 percent of annual covered salary. For employees participating in the State and School Noncontributory System, the District contributes 13.38 percent of annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board.

The District's contributions to the State and School Contributory Retirement System for the years ended June 30 are as follows:

Year Ended	Employee Paid	Employer Paid for Employee	Employer	Salary subject to retirement
<u>June 30</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Contributions</u>
State and School - Contributory				
2005	\$ 1,025	\$ 5,125	\$ 9,112	\$ 102,502
2004	957	4,786	6,901	95,716
2003	1,001	5,006	5,918	100,129
State and School - Noncontributory				
2005	\$ 0	\$ 0	\$ 1,833,260	\$ 13,701,494
2004	0	0	1,528,337	13,063,351
2003	0	0	1,486,552	14,293,763

The contributions were equal to the required contributions for each year.

Defined Contribution Plans – The District also participates in a defined contribution plan under Internal Revenue Code Section 401(k) to supplement retirement benefits accrued by participants in the Systems. Employees covered by the State and School Noncontributory Retirement System have a contribution of 1.5 percent of covered salaries automatically made by the District. Employees participating in the Systems can make additional contributions to the

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
Continued

401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are administered and held by URS.

The District employee's voluntary contributions and the required contributions to the 401(k) for the Fiscal year ended June 30 are as follows:

<u>Year Ended June 30</u>	<u>Employee Paid Contributions</u>	<u>Employer Paid for Employee Contributions</u>
401(k) Contributions		
2005	\$ 300,794	\$ 214,738
2004	215,522	193,876
2003	262,362	212,099

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 457 plan totaled \$25,033 for the year-ended June 30, 2005. The assets of the plan are administered and held by URS and third-party administrators.

Early Retirement Incentive – The District provides an early retirement incentive program. Eligibility is restricted to those professional/certificated employees who have a minimum of ten years of full-time (at least 35 hours per week) service in a professional or certificated capacity and position with the District, and who are eligible for full retirement (full retirement being defined as 30 years of service) under the provisions of the Utah State Employee Retirement Act. Professional/certificated employees receive 35 percent of the difference between base salary of the current teacher's salary schedule, and the step and lane, which they are on at the time of retirement. This amount will be reduced by the amount, which the employee is eligible to receive under the Social Security Act at the earliest possible date (irrespective of the amount of old age insurance benefits under the Social Security Act actually received by the employee). Qualifying retirees can receive benefits up to a maximum of four consecutive years.

Under the policy, the District will maintain the cost of the group insurance for hospital, surgical and extended benefits, and life insurance, with employee paying their applicable share of the premium, equal to the rate paid in the year of their retirement, until the employee becomes eligible to join Medicare; or up to a maximum of four consecutive years, whichever occurs first, but not to exceed the cost of a couple's coverage. Qualifying District employees who retire prior to age 61 shall have the option of continuing the group insurance benefits beyond the four year period by paying 100 percent of the applicable group premium. All benefits will terminate the month following the date of death of the qualifying employee.

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
Continued

The number of retirees currently eligible to receive benefits at June 30, 2005 is 17. The District's direct payments to retirees in the years ended June 30, 2005 and 2004 are \$96,873 and \$139,034, respectively. Future retirement payments of employees who have elected early retirement are shown as a designation of the general fund unreserved fund balance and are recognized on an accrual basis as an expense in the government-wide statements in the year of retirement. This liability is paid from the fund from which the employee retires.

The legislative auditor completed a state wide audit of all public schools intended to provide the legislature with an estimate of the liability for post-employment benefits. Sevier School District's estimated unfunded liability over the next 30 years is approximately \$2.7 million. The District is taking steps to change the existing policy, which will reduce this potential liability.

NOTE 6. RISK MANAGEMENT

Liability and Property – The District also maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10 million per occurrence through policies administered by the Utah State Risk Management Fund (Fund). The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Fund. Property physical damage is insured to replacement value with a \$1,000 deductible; automobile physical damage is insured to actual value with a \$1,000 deductible; other liability is limited to the lesser of \$10 million or the statutory limit. The Fund is a public entity risk pool operated by the State for the benefit of the State and local governments within the State. The District pays annual premiums to the Fund. The Fund obtains independent coverage for insured events, up to \$25 million per location. This is a pooled arrangement where the participants' pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

Workmen's Compensation – The District provides workers compensation insurance through the Utah School Boards Risk Management Mutual Insurance Association, which is a risk pool. This workers compensation insurance applies to bodily injury by accident or bodily injury by disease caused or aggravated by the conditions of employment. The insurance limits for bodily injury by accident, (each accident), bodily injury by disease, (policy limit), and bodily injury by disease, (each employee) is \$1 million. This is a pooled arrangement where the participants' pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
Continued

Health and Accident, Life and Long-term Disability – The District provides commercial coverage for health and accident coverage, long-term disabilities, and life insurance for employees who qualify.

The District has not experienced any significant reduction in insurance coverage from the previous year and insurance settlements have not exceeded insurance coverage for the past three years.

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 18,705,000	-	\$ (975,000)	\$ 17,730,000	\$ 1,020,000
Deferred amounts for issuance premium	-	-	-	-	-
Total bonds payable, net	18,705,000	-	(975,000)	17,730,000	1,020,000
Compensated absences payable	797,216	137,835	(134,043)	801,008	140,745
Early retirement payable	184,700	374,362	(96,873)	462,189	178,452
Total governmental activity long-term liabilities	\$ 19,686,916	512,197	\$ (1,205,916)	\$ 18,993,197	\$ 1,339,197

Payments on the general obligation bonds are made by the debt service fund from property taxes and earnings on investments. Compensated absences payments are made by the internal service fund and early retirement benefits will be paid by the fund in which the employee worked.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2005, including interest payments are listed as follows:

Year ending June 30,	Principal	Interest	Total
2006	\$ 1,020,000	\$ 809,018	\$ 1,829,018
2007	1,070,000	760,313	1,830,313
2008	1,125,000	706,013	1,831,013
2009	1,180,000	650,740	1,830,740
2010	1,240,000	590,725	1,830,725
2011-2015	7,055,000	2,104,481	9,159,481
2016-2018	5,040,000	450,808	5,490,808
Total	\$ 17,730,000	\$ 6,072,098	\$ 23,802,098

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
Continued

General Obligation Bonds – General obligation school building bonds payable at June 30, 2005, with their outstanding balance are comprised of the following individual issues:

\$12,550,000 1997 serial and refunding, due in annual installments of \$650,000 to \$820,000 beginning on June 1, 2005 through June 1, 2009, interest from 5.05 percent to 5.35 percent. \$8,885,000 of this issue was refunded in October, 1998. During the year ended June 30, 2003, \$650,000 of this bond was defeased.	\$ 3,015,000
\$9,830,000 1998 refunding bonds, due in annual installments of \$80,000 to \$1,350,000 beginning on June 1, 2000 through June 1, 2017, interest from 3.60 percent to 4.45 percent. During the year ended June 30, 2004, \$55,000 of this bond was defeased.	9,320,000
\$2,050,000 2000 serial bonds, due in annual installments of \$155,000 to \$150,000 beginning on June 1, 2005 through June 1, 2017, interest from 5.00 percent to 5.80 percent. During the year ended June 30, 2003, \$155,000 of this bond was defeased.	1,895,000
\$3,650,000 2003 serial bonds, due in annual installments of \$35,000 to \$1,755,000 beginning on June 1, 2004 through June 1, 2018, interest from 3.00 percent to 4.20 percent. During the year ended June 30, 2003, \$115,000 of this bond was defeased.	3,500,000
	<u>\$ 17,730,000</u>

The general obligation bonded debt of the District is limited by state law to 4 percent of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2005 is \$48,256,064. General obligation debt at June 30, 2005 is \$17,730,000, resulting in a legal debt margin of \$30,526,064.

Defeasance of Debt – October 15, 1998 – On October 15, 1998 the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2005, \$8,885,000 of bonds outstanding are considered defeased.

Compensated Absences – The District accrues vacation for twelve-month or full-year contract employees. Employees accrue between ten and twenty-four days a year depending upon length of service and position with the District. The District policy limits an employee's maximum accrual to be two times their annual vacation leave earnings. The District is liable to the employee for days earned but not taken. All vacation, plus related payroll taxes are accrued when incurred in the government-wide and internal service fund financial statements. This liability is serviced through the internal service fund. During the year ended June 30, 2005, the District recorded an additional expenditure of \$29,417, bringing the accrued liability balance to \$184,986. The liability includes related payroll taxes that would normally be paid on vacation benefits. This amount is updated on an annual basis to associate current resources with current uses. The District paid \$14,779 to employees who terminated or retired during the fiscal year.

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
Continued

The District Leave Policy allows employees to earn leave at the rate of 1.2 days per working month with a maximum of 240 days capable of being accumulated. Employees are limited by the number of days that can be taken in any one fiscal year to 15 days or under a long-term illness situation up to 60 days, which is the maximum that can be taken in any one contract year regardless of the employees accumulation. The retirement incentive is a stepped percentage based on the total number of days accrued by an individual upon retirement. The percentages vary between 12.50 percent and 42.50 percent. The maximum number of days the District will provide the retirement leave incentive for is 240 days. The District does not reimburse employees for unused leave upon termination except for employees eligible for retirement. All leave, plus related payroll taxes are accrued when an employee reaches a combination of age and years of service that qualifies them for retirement under the current guidelines of the Utah Retirement Systems and the expense is incurred in the government-wide and internal service fund financial statements. This liability is serviced through the internal service fund. This expenditure will be recorded in the initial year the employee qualifies for retirement and vests their leave incentive payoff. During the year ended June 30, 2005, the District recorded an additional expenditure of \$108,418, bringing the accrued liability to \$616,022. The liability includes fringe benefits that would normally be paid on leave termination benefits. The District paid \$119,264 to employees who were eligible under the policy during the fiscal year.

NOTE 8. DESIGNATED FOR UNDISTRIBUTED RESERVE

Utah state law allows for the establishment of an undistributed reserve. The Board must authorize expenditures from the undistributed reserve. This reserve is for contingencies. According to State law, the District may not use undistributed reserves in the negotiation or settlement of contract salaries for District employees. The undistributed reserve may not exceed 5 percent of the current fiscal year's total general fund budgeted expenditures. Use of the reserve requires a written resolution adopted by a majority vote of the Board filed with the Utah State Board of Education and State Auditor.

NOTE 9. LITIGATION

There are lawsuits pending in which the District is involved. The District's counsel and insurance carriers estimate that the potential claims against the District not covered by insurance, resulting from such litigation, would not materially effect the financial statements of the District.

NOTE 10. GRANTS

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable

SEVIER SCHOOL DISTRICT
Notes to Financial Statements
Continued

fund. Based on prior experience, District administration believes such disallowance, if any, would be immaterial.

NOTE 11. RELATED PARTY

The District has a board member, Tom Hales, who is a part owner of Hales Sand and Gravel, Inc. During the current fiscal year the District expended \$41,949 with Hales Sand and Gravel, Inc. These expenditures were for construction projects and construction related materials in the District that were awarded through the District's regular procurement bidding process, wherein Hales Sand and Gravel, Inc. was the low bidder on these projects or materials.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

JUNE 30, 2005

(This page contains no information
and is used to assist in formatting, for easier reading)

Major Governmental Funds

General Fund – The General Fund is used to account for resources which are not required legally or by sound financial management to be accounted for in another fund. Utah law defines the General Fund as the Maintenance and Operation Fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest due annually. Financing is provided by an annual property tax levy not to exceed .0024 plus an additional levy in an amount not to exceed 10% of the cost of the basic program as authorized by Utah Code 53 A-21-103 and 53 A-17a-145.

Capital Projects Fund – The Capital Projects Fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing education programs for all students within the District. Financing is provided by an annual property tax levy not to exceed .0024 plus an additional levy in an amount not to exceed 10% of the cost of the basic program as authorized by Utah Code 53 A-21-101 through 105 and 53 A-17a-145. Also, state funds can be obtained by qualifying under guidelines established for districts determined to be in critical need for construction building aid. Utah law defines the Capital Projects Funds as the Capital Outlay Fund.

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
General Fund
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets:		
Cash and investments	\$ 9,613,855	\$ 9,006,528
Receivables:		
Property taxes	2,856,271	2,658,975
Other governments	776,087	307,492
Other receivables	207,385	40,759
Due from other funds	-	-
Inventories	-	-
Advances to other funds	-	-
Total assets	<u>\$ 13,453,598</u>	<u>\$ 12,013,754</u>
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 2,110,500	\$ 1,525,425
Accrued salaries	1,929,998	1,832,543
Due to other funds	-	-
Unearned revenue:		
Property taxes	2,894,663	2,707,731
Other governments	3,009,762	2,874,483
Local sources	500	-
Total liabilities	<u>9,945,423</u>	<u>8,940,182</u>
Fund Balances:		
Reserved for:		
Tort liability & transportation	42,243	60,546
Advances	-	-
Debt service	-	-
Unreserved:		
Designated for:		
Undistributed reserve	1,300,000	1,300,000
Early retirement	462,189	184,700
Property tax recapture	161,494	148,493
Undesignated, reported in:		
General fund	1,542,249	1,379,833
Capital projects fund	-	-
Special revenue funds	-	-
Total fund balances	<u>3,508,175</u>	<u>3,073,572</u>
Total liabilities and fund balances	<u>\$ 13,453,598</u>	<u>\$ 12,013,754</u>

SEVIER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2005
With Comparative Totals for 2004

	Budgeted Amounts		2005 Actual Amounts	Variance with Final Budget - Positive (Negative)	2004 Actual Amounts
	Original	Final			
Revenues:					
Property taxes	\$ 2,544,103	\$ 2,745,002	\$ 2,761,767	\$ 16,765	\$ 2,618,372
Earnings on investments	150,300	240,465	249,187	8,722	145,096
Other local sources	144,850	221,207	222,878	1,671	175,880
State aid	17,911,905	20,527,882	17,825,564	(2,702,318)	17,002,940
Federal aid	3,305,406	3,668,278	3,164,261	(504,017)	3,253,076
Total revenues	24,056,564	27,402,834	24,223,657	(3,179,177)	23,195,364
Expenditures:					
Current:					
Instructional services	17,146,631	19,903,207	16,781,917	3,121,290	15,550,960
Supporting services:					
Students	603,876	645,640	553,468	92,172	541,746
Instructional staff	261,517	265,099	261,810	3,289	255,288
District administration	555,125	569,715	514,771	54,944	510,349
School administration	1,416,264	1,454,184	1,406,167	48,017	1,404,571
Business/data processing	448,090	470,289	446,387	23,902	401,129
Operation and maintenance of facilities	3,195,023	3,362,593	2,720,081	642,512	3,144,173
Transportation	1,097,757	1,143,008	1,084,453	58,555	1,040,644
Total expenditures	24,724,283	27,813,735	23,769,054	4,044,681	22,848,860
Excess of revenues over expenditures	(667,719)	(410,901)	454,603	865,504	346,504
Other financing sources (uses):					
Transfer out	-	(20,000)	(20,000)		
Net change in fund balances	(667,719)	(430,901)	434,603	865,504	346,504
Fund balances - beginning	2,324,065	2,727,068	2,727,068		2,727,068
Fund balances - ending	<u>\$ 1,656,346</u>	<u>\$ 2,296,167</u>	<u>\$ 3,161,671</u>	<u>\$ 865,504</u>	<u>\$ 3,073,572</u>

SEVIER SCHOOL DISTRICT
Schedule of Revenues - Compared to Budget
General Fund
Year Ended June 30, 2005
With Comparative Totals for 2004

	2005		Variance with Final Budget - Positive (Negative)	2004
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local Sources:				
Property Taxes	\$ 2,745,002	\$ 2,761,767	\$ 16,765	\$ 2,618,372
Earnings on Investments	240,465	249,187	8,722	145,096
Tuitions	59,000	60,135	1,135	60,115
Other Local Revenues	162,207	162,743	536	115,765
Total Local	3,206,674	3,233,832	27,158	2,939,348
State Sources:				
Regular Basic Programs:				
Minimum School Program	7,432,786	7,432,362	(424)	7,672,287
Necessary Small School	1,043,984	1,043,984	0	1,008,767
Professional Staff Costs	1,024,220	1,024,220	0	1,001,337
Administrative Costs	104,736	104,736	0	103,200
Total Unrestricted Grants	9,605,726	9,605,302	(424)	9,785,591
Restricted Basic Programs:				
Special Education - Add On	2,526,952	1,102,368	(1,424,584)	897,907
Special Education - Self-Contained	173,312	173,312	0	158,479
Extended Year Program/Severely Disabled	6,692	6,692	0	10,320
Special Education - Institutions/Impact Aid	53,019	53,019	0	53,244
Applied Technology - Add On	1,037,604	853,346	(184,258)	528,158
Applied Technology - Set Aside	20,287	20,287	0	19,545
Class Size Reduction	625,623	611,458	(14,165)	570,938
Total Restricted Grants	4,443,489	2,820,482	(1,623,007)	2,238,591
Special Populations:				
Accelerated Learning - Gifted and Talented	47,235	20,255	(26,980)	14,215
Accelerated Learning - Advanced Placement	2,251	0	(2,251)	2,602
Accelerated Learning - Concurrent Enrollment	225,305	97,799	(127,506)	123,893
At Risk - Regular Program	79,865	70,687	(9,178)	74,054
At Risk - Pregnancy Prevention	0	0	0	12,009
At Risk - Homeless & Minority	15,746	6,784	(8,962)	7,277
At Risk - Youth in Custody	227,774	151,485	(76,289)	258,554
Interventions for Student Success	180,622	113,698	(66,924)	186,942
Alternative Language	13,209	1,869	(11,340)	3,110
Quality Teaching Block Grant	955,588	641,540	(314,048)	449,984
Local Discretionary Block Grant	236,369	236,369	0	241,168
Incentive for Excellence	0	0	0	11,443
Educational Technology Initiative	83,838	41,536	(42,302)	21,396
Character Education	2,414	1,317	(1,097)	0
School Nurse Program	8,003	2,379	(5,624)	4,716
Experimental/Developmental	0	0	0	41,373
Retirement & Social Security	2,548,884	2,551,238	2,354	2,342,409
Transportation To and From	712,779	712,779	0	721,766
Inservice Education	9,675	5,870	(3,805)	18,868
Inservice Education-Endorsements	0	0	0	325
Guarantee on Transportation Levy	0	0	0	7,203
Voted Leeway	280,807	0	(280,807)	130,544
Board Leeway	106,178	106,178	0	126,982
K-3 Reading Achievement	204,712	157,223	(47,489)	0
Library Media Resources	0	0	0	1,938
Teacher Supplies & Materials	44,033	42,324	(1,709)	43,105
Driver's Education	45,000	35,874	(9,126)	60,389
Substance Abuse - Fees & Fines	2,552	2,552	0	2,612
U-PASS	38,475	12,051	(26,424)	15,718
Comprehensive Reading Grant	78,889	59,866	(19,023)	0
Six Trait Writing Grant	41,000	41,000	0	0
U-Pass Online Testing	63,271	63,271	0	0
One-Time Salary bonus - Legislature	169,680	169,680	0	0
Other Revenue from State Sources (Non-MSP)	54,513	54,156	(357)	54,163
Total Special Purpose	6,478,667	5,399,780	(1,078,887)	4,978,758
Total State Sources	20,527,882	17,825,564	(2,702,318)	17,002,940

SEVIER SCHOOL DISTRICT
Schedule of Revenues - Compared to Budget
General Fund
Year Ended June 30, 2005
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Federal Sources:				
Unrestricted Grants-in-Aid:				
Public Law 874	51,486	51,486	0	57,501
BIA - ISEP Tuition Funds	555,890	560,990	5,100	557,600
Federal Forest Service Funds	41,929	41,929	0	43,049
Total Unrestricted Grants	649,305	654,405	5,100	658,150
Restricted Grants-in-Aid:				
Public Law 874 - Special Education	38,020	26,751	(11,269)	21,531
BIA - ISEP Special Education Tuition Funds	96,254	78,771	(17,483)	93,556
Indian Special Education Part B	0	0	0	530
Title I - Indian Amendment	273,471	171,879	(101,592)	159,021
NESS - Improvement Funds	0	0	0	3,561
NCLB - Title IA	656,837	563,593	(93,244)	550,069
NCLB - IID Educational Technology	19,475	19,475	0	23,548
NCLB - VA Innovative Programs	26,981	26,981	0	35,337
NCLB - Assessment Funding	0	0	0	8,424
NCLB - IIIA English Second Language	5,372	5,372	0	3,330
Title I - Neglected & Delinquent Children	11,165	0	(11,165)	0
Public Law 94-142	856,731	856,731	0	761,195
IDEA Capacity Bldg	9,893	9,893	0	14,076
NCLB - IIA Teacher Quality	238,039	235,689	(2,350)	227,676
Medicaid	561,925	392,165	(169,760)	486,436
Medicaid-Administrative Outreach	35,187	4,010	(31,177)	76,754
NCLB - IVA Safe & Drug Free Schools	23,192	23,192	0	25,022
Technology Literacy Grant	0	0	0	1,048
Leadership & Development	8,903	8,903	0	19,978
Small Schools Special Ednorsment Grant	77,730	6,653	(71,077)	0
Vocational - Perkins	79,798	79,798	0	83,834
Total Restricted Grants	3,018,973	2,509,856	(509,117)	2,594,926
Total Federal Sources	3,668,278	3,164,261	(504,017)	3,253,076
Total Revenues	\$ 27,402,834	\$ 24,223,657	\$ (3,179,177)	\$ 23,195,364

SEVIER SCHOOL DISTRICT
Schedule of Expenditures - Compared to Budget
General Fund
Year Ended June 30, 2005
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Expenditures:				
Instruction:				
Salaries - Teachers	\$ 10,162,678	\$ 9,724,161	\$ 438,517	\$ 9,276,720
Salaries - Other Instructional Staff	1,534,167	1,398,614	135,553	1,131,259
Employee Benefits	3,846,402	3,625,183	221,219	3,307,133
Contracted and Purchased Services	1,086,089	659,752	426,337	778,207
Supplies, Materials, and Textbooks	1,024,373	736,887	287,486	781,862
Equipment	2,231,098	626,342	1,604,756	264,559
Student Body Activities	18,400	10,978	7,422	11,220
Total	19,903,207	16,781,917	3,121,290	15,550,960
Support Services to Instruction:				
Student:				
Salaries	423,175	406,598	16,577	390,180
Employee Benefits	138,494	132,365	6,129	129,768
Contracted and Purchased Services	23,479	11,965	11,514	13,655
Supplies and Materials	14,492	2,402	12,090	8,143
Equipment	46,000	138	45,862	0
Total	645,640	553,468	92,172	541,746
Instructional Staff:				
Salaries	154,903	154,195	708	146,943
Employee Benefits	71,740	69,114	2,626	68,460
Supplies and Materials	38,456	38,501	(45)	39,885
Equipment	0	0	0	0
Total	265,099	261,810	3,289	255,288
District Administration:				
Salaries	266,078	259,058	7,020	256,671
Employee Benefits	135,924	126,586	9,338	119,097
Contracted and Purchased Services	142,108	106,518	35,590	115,469
Supplies and Materials	4,750	3,924	826	3,978
Equipment	5,000	3,940	1,060	925
Other Objects	15,855	14,745	1,110	14,209
Total	569,715	514,771	54,944	510,349
Administration:				
Salaries	1,032,584	1,008,622	23,962	1,026,268
Employee Benefits	370,950	361,774	9,176	343,413
Contracted and Purchased Services	44,000	30,855	13,145	31,225
Supplies and Materials	2,500	1,136	1,364	0
Other Objects	4,150	3,780	370	3,665
Total	1,454,184	1,406,167	48,017	1,404,571
Business/Data Processing:				
Salaries	298,505	289,598	8,907	274,153
Employee Benefits	108,651	109,073	(422)	95,932
Contracted and Purchased Services	43,833	34,275	9,558	26,364
Supplies and Materials	9,500	6,849	2,651	3,055
Equipment	8,500	5,567	2,933	410
Other Objects	1,300	1,025	275	1,215
Total	470,289	446,387	23,902	401,129

SEVIER SCHOOL DISTRICT
Schedule of Expenditures - Compared to Budget
General Fund
Year Ended June 30, 2005
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Operation and Maintenance of Facilities:				
Salaries	1,158,384	1,025,285	133,099	995,447
Employee Benefits	367,176	332,852	34,324	318,986
Contracted and Purchased Services	1,033,033	577,477	455,556	1,080,455
Supplies and Materials	741,500	727,279	14,221	696,710
Equipment	62,500	57,188	5,312	52,575
Other Objects	0	0	0	0
Total	3,362,593	2,720,081	642,512	3,144,173
Transportation:				
Salaries	610,883	591,991	18,892	568,518
Employee Benefits	192,809	176,663	16,146	166,547
Contracted and Purchased Services	71,370	55,786	15,584	63,264
Supplies and Materials	152,500	146,373	6,127	130,758
Equipment	111,946	110,697	1,249	109,805
Other Objects	3,500	2,943	557	1,752
Total	1,143,008	1,084,453	58,555	1,040,644
Total Support Services to Instruction	7,910,528	6,987,137	923,391	7,297,900
Total Expenditures	\$ 27,813,735	\$ 23,769,054	\$ 4,044,681	\$ 22,848,860

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
Debt Service Fund
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets:		
Cash and investments	\$ 686,110	\$ 830,732
Receivables:		
Property taxes	1,921,711	1,633,514
Other receivables	1,597	949
Total assets	<u><u>\$ 2,609,418</u></u>	<u><u>\$ 2,465,195</u></u>
Liabilities and fund balances:		
Liabilities:		
Unearned revenue - property taxes	\$ 1,945,008	\$ 1,673,382
Fund balances:		
Reserved for:		
Debt service	664,410	791,813
Total liabilities and fund balance	<u><u>\$ 2,609,418</u></u>	<u><u>\$ 2,465,195</u></u>

SEVIER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2005
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Property tax	\$ 1,665,665	\$ 1,675,850	\$ 10,185	\$ 2,141,035
Earnings on investments	28,800	31,207	2,407	18,676
Total revenues	1,694,465	1,707,057	12,592	2,159,711
Expenditures:				
Debt service:				
Bond principal	975,000	975,000	-	945,000
Bond interest	855,160	855,160	-	886,690
Paying agent fees & other costs	35,000	4,300	30,700	4,800
Total expenditures	1,865,160	1,834,460	30,700	1,836,490
Excess (deficiency) of revenues over (under) expenditures	(170,695)	(127,403)	43,292	323,221
Other financing sources (uses):				
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(170,695)	(127,403)	43,292	323,221
Fund balances - beginning	791,813	791,813	-	468,592
Fund balances - ending	\$ 621,118	\$ 664,410	\$ 43,292	\$ 791,813

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
Capital Projects Fund
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets:		
Cash and investments	\$ 2,612,419	\$ 2,927,427
Receivables:		
Property taxes	1,498,580	1,380,636
Other receivables	1,376	2,912
Total assets	<u>\$ 4,112,375</u>	<u>\$ 4,310,975</u>
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 379,224	\$ 712,945
Unearned revenue - property taxes	<u>1,518,641</u>	<u>1,403,430</u>
Total liabilities	<u>1,897,865</u>	<u>2,116,375</u>
Fund balances:		
Reserved for:		
Construction commitments	600,000	950,000
Unreserved:		
Designated for:		
Construction commitments	1,520,000	1,170,000
Undesignated	<u>94,510</u>	<u>74,600</u>
Total fund balances	<u>2,214,510</u>	<u>2,194,600</u>
Total liabilities and fund balances	<u>\$ 4,112,375</u>	<u>\$ 4,310,975</u>

SEVIER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2005
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 1,434,323	\$ 1,443,093	\$ 8,770	\$ 1,224,153
Earnings on investments	75,000	78,617	3,617	92,406
Total local sources	1,509,323	1,521,710	12,387	1,316,559
State sources:				
Capital outlay foundation	434,174	434,174	-	501,808
Other	-	-	-	-
Total state sources	434,174	434,174	-	501,808
Total revenues	1,943,497	1,955,884	12,387	1,818,367
Expenditures:				
10% of basic for supplies	-	-	-	-
Land and buildings:				
Land purchases	-	-	-	325
Land improvements	-	-	-	-
Building construction & remodeling	2,348,620	1,459,998	888,622	5,200,370
Total land and buildings	2,348,620	1,459,998	888,622	5,200,695
Equipment:				
Instructional	581,444	354,527	226,917	135,517
Maintenance and custodial	32,000	24,019	7,981	26,604
Buses	88,000	82,558	5,442	80,787
Data processing	135,000	26,763	108,237	61,472
Total equipment	836,444	487,867	348,577	304,380
Total expenditures	3,185,064	1,947,865	1,237,199	5,505,075
Excess (deficiency) of revenues over (under) expenditures	(1,241,567)	8,019	1,249,586	(3,686,708)
Other financing sources (uses):				
General obligation bonds issued	-	-	-	-
Sale of capital assets	3,400	11,891	8,491	106,409
Total other financing sources (uses)	3,400	11,891	8,491	106,409
Net change in fund balances	(1,238,167)	19,910	1,258,077	(3,580,299)
Fund balances - beginning	2,194,600	2,194,600	-	5,774,899
Fund balances - ending	\$ 956,433	\$ 2,214,510	\$ 1,258,077	\$ 2,194,600

(This page contains no information
and is used to assist in formatting, for easier reading)

Nonmajor Governmental Funds

Special Revenue Funds

School Lunch Fund – This fund is used to account for the food service activities of the District as required by state and federal law. Financing is provided by local sales along with substantial subsidies from the State of Utah and the US Government to help ensure that students receive low-cost, nutritionally balanced meals.

Non K-12 Programs Fund – This fund is used to account for programs that are not part of the basic educational program of kindergarten, elementary and secondary students. These areas include, adult education and preschool for disabled students which are primarily funded by the State of Utah and the US Government. This fund is also used to account for costs to provide for community educational and recreation activities, such as building operation costs during community activities and building and site improvements directly related to recreational activities. Financing is provided primarily by a recreation property tax levy.

SEVIER SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	<u>Special Revenue</u>		<u>Total</u>
	<u>School Lunch</u>	<u>Non K-12 Programs</u>	<u>Nonmajor Governmental Funds</u>
Assets:			
Cash and investments	\$ 154,956	\$ 241,834	\$ 396,790
Receivables:			
Property taxes	-	166,750	166,750
Other governments	81,626	-	81,626
Other local	3,751	151	3,902
Inventories	105,892	-	105,892
Total assets	<u>\$ 346,225</u>	<u>\$ 408,735</u>	<u>\$ 754,960</u>
Liabilities:			
Accounts payable	\$ 21,691	\$ 56,854	78,545
Accrued salaries & withholdings	13,529	38,405	51,934
Unearned revenue:			
Property taxes	-	168,951	168,951
Other governments	-	62,894	62,894
Total liabilities	<u>35,220</u>	<u>327,104</u>	<u>362,324</u>
Fund balances:			
Unreserved:			
Undesignated	311,005	81,631	392,636
Total fund balances	<u>311,005</u>	<u>81,631</u>	<u>392,636</u>
Total liabilities and fund balances	<u>\$ 346,225</u>	<u>\$ 408,735</u>	<u>\$ 754,960</u>

SEVIER SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2005

	Special Revenue		Total
	School Lunch	Non K-12 Programs	Nonmajor Governmental Funds
Revenues:			
Property tax	\$ -	\$ 158,275	\$ 158,275
Student fees	-	17,058	17,058
Lunch sales	474,870	-	474,870
Earnings on investments	-	359	359
Other local revenues	-	51,340	51,340
State aid	165,442	357,008	522,450
Federal aid	798,197	64,993	863,190
Total revenues	1,438,509	649,033	2,087,542
Expenditures:			
Current:			
Instructional services	-	480,533	480,533
Supporting services:			
District administration	-	11,434	11,434
Business	-	16,351	16,351
Operation and maintenance of facilities	-	113,412	113,412
School lunch services	1,421,907	-	1,421,907
Total expenditures	1,421,907	621,730	2,043,637
Excess (deficiency) of revenues over (under) expenditures	16,602	27,303	43,905
Other financing sources:			
Transfer in	20,000	-	20,000
Net change in fund balances	36,602	27,303	63,905
Fund balances - beginning, as restated	274,403	54,328	328,731
Fund balances - ending	<u>\$ 311,005</u>	<u>\$ 81,631</u>	<u>\$ 392,636</u>

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
School Lunch
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets:		
Cash and investments	\$ 154,956	\$ 175,555
Receivables:		
Other governments	81,626	34,256
Other receivables	3,751	212
Inventories	<u>105,892</u>	<u>93,176</u>
Total assets	<u>\$ 346,225</u>	<u>\$ 303,199</u>
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 21,691	\$ 17,619
Accrued salaries & withholdings	<u>13,529</u>	<u>11,177</u>
Total liabilities	<u>35,220</u>	<u>28,796</u>
Fund Balances:		
Undesignated	<u>311,005</u>	<u>274,403</u>
Total liabilities and fund balances	<u>\$ 346,225</u>	<u>\$ 303,199</u>

SEVIER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
School Lunch
Nonmajor Special Revenue Fund
Year Ended June 30, 2005
With Comparative Totals for 2004

	2005		Variance with	2004
	Final Budgeted Amounts	Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Lunch sales - students	\$ 308,700	\$ 320,540	\$ 11,840	\$ 310,257
Lunch sales - adults	20,800	22,209	1,409	19,055
Other local sales	124,000	132,121	8,121	143,119
Total local sources	453,500	474,870	21,370	472,431
State sources:				
State lunch program	147,000	165,442	18,442	153,802
Total state sources	147,000	165,442	18,442	153,802
Federal sources:				
Federal lunch program	100,000	98,045	(1,955)	95,474
Breakfast program	52,000	53,729	1,729	51,453
Free and reduced assistance	480,000	491,894	11,894	469,732
Other	108,500	154,529	46,029	101,893
Total federal sources	740,500	798,197	57,697	718,552
Total revenues	1,341,000	1,438,509	97,509	1,344,785
Expenditures:				
Current:				
Salaries	598,969	576,480	22,489	528,887
Employee benefits	183,812	170,514	13,298	155,608
Purchased services	29,775	20,289	9,486	19,533
Supplies	83,160	83,807	(647)	73,421
Food	537,989	542,678	(4,689)	494,247
Equipment	19,800	16,550	3,250	4,611
Uniform allowance	7,792	11,589	(3,797)	6,308
Total expenditures	1,461,297	1,421,907	39,390	1,282,615
Other financing sources:				
Operating transfers in	20,000	20,000	-	-
Net change in fund balances	(100,297)	36,602	136,899	62,170
Fund balances - beginning, as restated	274,403	274,403	-	212,233
Fund balances - ending	\$ 174,106	\$ 311,005	\$ 136,899	\$ 274,403

SEVIER SCHOOL DISTRICT
Comparative Balance Sheet
Non K-12 Programs
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets:		
Cash and investments	\$ 241,834	\$ 288,277
Receivables:		
Property taxes	166,750	152,607
Other governments		
Other receivables	151	68
Total assets	<u>\$ 408,735</u>	<u>\$ 440,952</u>
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 56,854	\$ 160,714
Accrued salaries & withholdings	38,405	37,038
Unearned revenue:		
Property taxes	168,951	155,468
Other governments	62,894	33,404
Total liabilities	<u>327,104</u>	<u>386,624</u>
Fund balances:		
Undesignated	81,631	54,328
Total liabilities and fund balances	<u>\$ 408,735</u>	<u>\$ 440,952</u>

SEVIER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Non-K-12 Programs
Nonmajor Special Revenue Fund
Year Ended June 30, 2005
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 157,313	\$ 158,275	\$ 962	\$ 153,635
Student tuition	13,000	12,115	(885)	9,880
Adult education fees	5,000	4,943	(57)	4,973
Earnings on investments	300	359	59	278
Miscellaneous revenues	51,340	51,340	-	16,180
Total local sources	226,953	227,032	79	184,946
State sources:				
Adult high school completion	68,701	41,971	(26,730)	63,432
Preschool	302,806	266,643	(36,163)	252,496
Retirement and social security	50,748	48,394	(2,354)	41,994
Total state sources	422,255	357,008	(65,247)	357,922
Federal sources:				
Special education preschool grant	64,993	64,993	-	65,548
Other federal revenue	-	-	-	-
Total federal sources	64,993	64,993	-	65,548
Total revenues	714,201	649,033	(65,168)	608,416
Expenditures:				
Current:				
Instructional services	527,492	480,533	46,959	400,211
Supporting services:				
District administration	11,465	11,434	31	19,103
Business	29,271	16,351	12,920	12,045
Operation and maintenance of facilities	165,234	113,412	51,822	262,945
Data processing	35,067	-	35,067	-
Total expenditures	768,529	621,730	146,799	694,304
Net change in fund balances	(54,328)	27,303	81,631	(85,888)
Fund balances - beginning	54,328	54,328	-	140,216
Fund balances - ending	\$ -	\$ 81,631	\$ 81,631	\$ 54,328

(This page contains no information
and is used to assist in formatting, for easier reading)

Internal Service Fund

Internal service funds are used to account for the financing of goods or services provided by one department to other departments or schools of the District on a cost reimbursement basis.

Compensated Absences Fund – This fund is used to accumulate and allocate costs internally among the District's various functions. The District uses one internal service fund to account for services provided to all the other funds of the District involving employee benefits related to compensated absences payable. All vacation and vested leave pay, plus related payroll taxes are accrued when incurred in the government-wide statements and are included in the internal service fund financial statements.

SEVIER SCHOOL DISTRICT
Statement of Fund Net Assets
Internal Service Fund
June 30, 2005 and 2004

	<u>Compensated Absences Fund</u>	
	<u>2005</u>	<u>2004</u>
Assets		
Current assets:		
Cash and investments	\$ 801,008	\$ 797,216
Total assets	<u>\$ 801,008</u>	<u>\$ 797,216</u>
Liabilities and net assets		
Liabilities:		
Current liabilities:		
Compensated absences payable	\$ 140,745	\$ 34,475
Non current liabilities:		
Compensated absences payable - <i>leave</i>	<u>660,263</u>	<u>762,741</u>
Total liabilities	<u>801,008</u>	<u>797,216</u>
Net assets:		
Unrestricted	<u>0</u>	<u>0</u>
Total net assets	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 801,008</u>	<u>\$ 797,216</u>

SEVIER SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Fund
June 30, 2005
With Comparative Totals for 2004

	Compensated Absences Fund	
	2005	2004
Operating revenues:		
Charges for services:		
Vacation accruals	\$ 29,417	\$ 12,690
Leave accruals	108,418	138,627
Other services		
Total operating revenues	<u>137,835</u>	<u>151,317</u>
Operating expenses:		
Compensation claim payments - <i>vacation</i>	27,165	11,719
Compensation claim payments - <i>leave</i>	100,118	128,015
Employee benefits	10,552	11,583
Total operating expenses	<u>137,835</u>	<u>151,317</u>
Operating income (loss)	<u>-</u>	<u>-</u>
Net income (loss) before transfers	<u>-</u>	<u>-</u>
Transfer in	<u>-</u>	<u>-</u>
Change in net assets	<u>-</u>	<u>-</u>
Net assets - beginning	<u>-</u>	<u>-</u>
Net assets - ending	<u>\$ -</u>	<u>\$ -</u>

SEVIER SCHOOL DISTRICT
Statement of Fund Cash Flows
Internal Service Fund
June 30, 2005
With Comparative Totals for 2004

	Compensated Absences Fund	
	2005	2004
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 137,835	\$ 151,317
Payments to employees	(134,043)	(32,833)
Net cash provided (used) by operating activities	3,792	118,484
Net change in cash and cash equivalents	3,792	118,484
Cash and cash equivalents - beginning	797,216	678,732
Cash and cash equivalents - ending	\$ 801,008	\$ 797,216
Displayed on combining statement of net assets as:		
Cash and investments	\$ 801,008	\$ 797,216
Reconciliation of operating income		
(loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ -	\$ -
Adjustments to reconcile operating income (loss) to		
net cash provided (used) by operating activities:		
Increase in compensated absences payable	3,792	118,484
Total adjustments	3,792	118,484
Net cash provided (used) by operating activities	\$ 3,792	\$ 118,484
Noncash investing, capital, and financing activities:	none	none

Fiduciary Funds

Student Activities Agency Fund – This fund is used to account for the funds generated by student groups within the District engaged in activities associated with student life. The District has a fiduciary responsibility concerning these funds to ensure their safety and accountability.

Central Utah Educational Services – This fund accounts for resources that belong to the CUES organization. Central Utah Educational Services operates under an appointed Board of Directors comprised of the Board members from the seven school districts served by this organization. It accounts for the district's fiduciary responsibility as the fiscal agent for CUES.

SEVIER SCHOOL DISTRICT
Combining Statement of Fiduciary Fund Assets and Liabilities
Agency Funds
June 30, 2005

	<u>Student Activities Fund</u>	<u>Central Utah Educational Services</u>	<u>Total Agency Funds</u>
Assets:			
Cash and investments	\$ 685,931	\$ 398,953	\$ 1,084,884
Accounts receivable - other governments	-	268,275	268,275
Total assets	<u>\$ 685,931</u>	<u>\$ 667,228</u>	<u>\$ 1,353,159</u>
Liabilities:			
Due to student groups	\$ 685,931	\$ -	\$ 685,931
Due to other governments	-	667,228	667,228
Total liabilities	<u>\$ 685,931</u>	<u>\$ 667,228</u>	<u>\$ 1,353,159</u>

SEVIER SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Student Activities Agency Fund
Year Ended June 30, 2005

	<u>Balance at July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2005</u>
Assets:				
Cash and investments	<u>\$ 636,424</u>	<u>\$ 1,972,001</u>	<u>\$ 1,922,494</u>	<u>\$ 685,931</u>
Liabilities:				
Due to student organizations:				
Elementary Schools:				
Preschool	\$ 534	\$ 996	\$ 896	\$ 634
Ashman Elementary	38,179	126,556	120,645	44,090
Koosharem Elementary	866	12,498	11,144	2,220
Monroe Elementary	11,268	82,940	84,980	9,228
Pahvant Elementary	93	64,020	59,324	4,789
Salina Elementary	16,803	91,632	95,376	13,059
Total elementary schools	<u>67,743</u>	<u>378,642</u>	<u>372,365</u>	<u>74,020</u>
Middle Schools:				
North Sevier Middle School	27,688	107,177	101,359	33,506
South Sevier Middle School	33,607	93,969	91,023	36,553
Red Hills Middle School	37,910	160,607	146,274	52,243
Total middle schools	<u>99,205</u>	<u>361,753</u>	<u>338,656</u>	<u>122,302</u>
High Schools and Special Purpose Programs:				
North Sevier High School	80,458	331,104	347,944	63,618
Richfield High School	222,060	490,763	495,411	217,412
South Sevier High School	146,784	381,076	348,867	178,993
Cedar Ridge High School	20,174	28,663	19,251	29,586
Total high schools	<u>469,476</u>	<u>1,231,606</u>	<u>1,211,473</u>	<u>489,609</u>
Total due to student organizations	<u>\$ 636,424</u>	<u>\$ 1,972,001</u>	<u>\$ 1,922,494</u>	<u>\$ 685,931</u>

SEVIER SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Central Utah Educational Services Agency Fund
Year Ended June 30, 2005

	<u>Balance at July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2005</u>
Assets:				
Cash and investments	\$ 397,128	\$ 1,503,995	\$ 1,502,170	\$ 398,953
Receivables from other governments	166,943	268,275	166,943	268,275
Total assets	<u>\$ 564,071</u>	<u>\$ 1,772,270</u>	<u>\$ 1,669,113</u>	<u>\$ 667,228</u>
Liabilities:				
Due to other government organizations	\$ 564,071	\$ 1,772,270	\$ 1,669,113	\$ 667,228
Total liabilities	<u>\$ 564,071</u>	<u>\$ 1,772,270</u>	<u>\$ 1,669,113</u>	<u>\$ 667,228</u>

STATISTICAL SECTION

Unaudited

SEVIER SCHOOL DISTRICT
Comparative Statements of Net Assets
June 30, 2005 - 2002

	2005	2004	2003	2002
Assets:				
Cash and investments	\$ 14,110,182	\$ 14,025,735	\$ 17,545,770	\$ 12,459,401
Receivables:				
Property taxes	6,443,312	5,825,732	5,749,289	5,681,473
Other governments	857,713	341,748	560,844	369,940
Other local	214,260	44,900	114,958	71,381
Inventories	105,892	93,176	91,900	135,197
Capital assets:				
Land and water stock	3,097,379	4,693,836	4,104,346	3,075,410
Other capital assets, net of accumulated depreciation	21,421,161	20,090,385	16,435,290	16,879,938
Total assets	<u>46,249,899</u>	<u>45,115,512</u>	<u>44,602,397</u>	<u>38,672,740</u>
Liabilities:				
Accounts payable	2,568,269	2,416,703	3,619,580	2,951,899
Accrued interest	63,970	67,636	73,625	83,857
Accrued salaries	1,981,932	1,880,758	1,867,297	1,858,033
Deferred revenue:				
Property taxes	6,356,265	5,741,841	5,843,650	5,458,933
Other governments	3,072,656	2,907,887	2,537,572	2,084,522
Other local	-	-	1,283	469,389
Noncurrent liabilities:				
Due within one year	1,339,197	1,110,510	1,215,767	1,112,409
Due in more than one year	17,654,000	18,576,406	19,421,023	16,360,617
Total liabilities	<u>33,036,289</u>	<u>32,701,741</u>	<u>34,579,797</u>	<u>30,379,659</u>
Net Assets:				
Invested in capital assets, net of related debt	6,788,540	6,079,221	3,925,241	3,077,348
Restricted for:				
School lunch	311,005	274,403	212,233	119,854
Non K-12 programs	86,822	59,519	145,279	70,819
Debt service	667,671	791,408	460,217	679,131
Capital projects	2,252,916	2,233,006	2,776,897	2,776,897
Unrestricted	3,106,156	2,976,214	2,502,733	1,569,032
Total net assets	<u>\$ 13,213,110</u>	<u>\$ 12,413,771</u>	<u>\$ 10,022,600</u>	<u>\$ 8,293,081</u>

Source: Information taken from District's audited financial statements. This summary itself has not been audited.

SEVIER SCHOOL DISTRICT
Comparative Statements of Activities
Governmental Activities
June 30, 2005 - 2002

	2005	2004	2003	2002
Revenues:				
Program revenues:				
Charges for services	\$ 622,316	\$ 577,386	\$ 583,526	\$ 567,357
Operating grants and contributions	8,611,562	6,927,473	7,146,083	6,556,960
General revenues:				
Property taxes	6,011,813	6,143,726	5,636,219	5,545,125
Federal and state aid not restricted to specific purposes	14,198,077	15,126,175	14,951,125	15,293,735
Earnings on investments	359,370	256,456	316,038	386,379
Miscellaneous	143,830	101,958	153,639	82,939
Total revenues	29,946,968	29,133,174	28,786,630	28,432,495
Expenses:				
Instructional services	19,526,034	16,766,365	17,320,999	19,955,608
Supporting services:				
Students	553,468	541,746	531,312	546,158
Instructional staff	261,810	255,288	267,037	335,799
District administration	526,497	529,744	523,340	510,427
School administration	1,406,167	1,404,571	1,304,509	1,515,780
Business/data processing	471,618	424,133	413,656	399,868
Operation and maintenance of facilities	2,861,418	3,431,099	3,413,955	3,227,520
Transportation	1,261,902	1,219,927	1,196,853	1,169,278
School lunch services	1,422,921	1,283,629	1,244,989	1,248,318
Interest on long-term liabilities	855,794	885,501	840,461	932,035
Total expenses	29,147,629	26,742,003	27,057,111	29,840,791
Increase (decrease) in net assets	799,339	2,391,171	1,729,519	(1,408,296)
Net assets - beginning	12,413,771	10,022,600	8,293,081	9,701,377
Net assets - ending	\$ 13,213,110	\$ 12,413,771	\$ 10,022,600	\$ 8,293,081
Revenue and expenses per pupil:				
Property taxes	\$ 1,383	\$ 1,411	\$ 1,284	\$ 1,245
Other local	259	215	240	233
State	4,321	4,139	4,126	4,148
Federal	926	927	908	757
Total revenues per pupil	\$ 6,889	\$ 6,692	\$ 6,558	\$ 6,383
Expense per pupil	\$ 6,705	\$ 6,143	\$ 6,163	\$ 6,698
Student Population	4,347	4,353	4,390	4,455
State Aid	18,782,188	18,016,472	18,110,948	18,478,600
Federal Aid	4,027,451	4,037,176	3,986,260	3,372,095
	22,809,639	22,053,648	22,097,208	21,850,695
State Aid	62.72%	61.84%	62.91%	64.99%
Federal Aid	13.45%	13.86%	13.85%	11.86%

Source: Information taken from District's audited financial statements. This summary itself has not been audited.

SEVIER SCHOOL DISTRICT
General Fund
Revenues by Source
1996-2005

Year Ended June 30	Property Taxes	Interest on Investments	Other Local	State Sources	Federal Sources	Total Revenues
1996	1,801,372	185,643	552,004	13,917,745	1,073,287	17,530,051
1997	1,714,215	245,000	509,592	15,064,199	1,318,595	18,851,601
1998	** 2,079,000	271,958	521,829	15,359,991	1,361,396	19,594,174
1999	2,494,917	296,534	550,456	15,892,888	1,452,812	20,687,607
2000	2,565,721	389,862	310,941	15,842,687	2,118,169	21,227,380
2001	1,725,562	403,271	265,737	18,003,364	2,377,069	22,775,003
2002	2,305,679	241,237	176,589	17,507,183	2,636,355	22,867,043
2003	2,493,155	183,830	251,088	17,068,806	3,175,692	23,172,571
2004	2,618,372	145,096	175,880	17,002,940	3,253,076	23,195,364
2005	2,761,767	249,187	222,878	17,825,564	3,164,261	24,223,657

Percentage of Revenues by Source
1996-2005

Year Ended June 30	Property Taxes	Interest on Investments	Other Local	State Sources	Federal Sources	Total Revenues
1996	10.276%	1.059%	3.149%	79.394%	6.123%	100.00%
1997	9.093%	1.300%	2.703%	79.909%	6.995%	100.00%
1998	** 10.610%	1.388%	2.663%	78.391%	6.948%	100.00%
1999	12.060%	1.433%	2.661%	76.823%	7.023%	100.00%
2000	12.087%	1.837%	1.465%	74.633%	9.978%	100.00%
2001	7.577%	1.771%	1.167%	79.049%	10.437%	100.00%
2002	10.083%	1.055%	0.772%	76.561%	11.529%	100.00%
2003	10.759%	0.793%	1.084%	73.660%	13.705%	100.00%
2004	11.288%	0.626%	0.758%	73.303%	14.025%	100.00%
2005	11.401%	1.029%	0.920%	73.587%	13.063%	100.00%

** The District implemented a Voted Leeway of .0006 which was approved by the voters during the prior year general election and a Judgment Recovery levy designed to recapture the prior year taxes appealed and returned to the taxpayers.

Information for this schedule was obtained from the historical financial records of the District

SEVIER SCHOOL DISTRICT
General Fund
Comparison of Per Pupil Revenues by Source
1996-2005

<u>Year Ended June 30</u>	<u>Property Taxes</u>	<u>Interest on Investments</u>	<u>Other Local</u>	<u>State Sources</u>	<u>Federal Sources</u>	<u>Total Revenues</u>	<u>Average Daily Membership</u>
1996	366	38	112	2,831	218	3,565	4,917
1997	347	50	103	3,054	267	3,821	4,933
1998	430	56	108	3,174	281	4,049	4,839
1999	530	63	117	3,377	309	4,396	4,706
2000	556	84	67	3,432	459	4,598	4,616
2001	383	89	59	3,994	527	5,052	4,508
2002	518	54	40	3,930	592	5,134	4,455
2003	568	42	57	3,888	723	5,278	4,390
2004	602	33	40	3,906	747	5,328	4,353
2005	635	57	51	4,101	728	5,572	4,347

Information for this schedule was obtained from the historical financial and statistical records of the District

SEVIER SCHOOL DISTRICT
General Fund
Expenditures by Function
1996-2005

Year Ended June 30	Instruction	Students	Instructional Staff	District Administration	School Administration	Business/ Data Processing	Operation & Maintenance of Facilities	Transportation	Total Expenditures
1996	\$ 12,208,773	\$ 342,092	\$ 262,305	\$ 478,565	\$ 1,146,627	\$ 196,656	\$ 2,111,810	\$ 689,026	\$ 17,435,854
1997	13,094,866	420,373	287,158	490,823	1,174,983	269,549	2,151,364	725,729	18,614,845
1998	13,580,643	420,103	240,636	522,318	1,226,444	313,453	2,452,857	795,363	19,551,817
1999	14,276,270	394,362	280,051	567,725	1,267,893	322,972	2,511,382	869,803	20,490,458
2000	14,605,549	425,505	264,294	467,385	1,290,626	305,078	2,523,680	858,632	20,740,749
2001	15,344,848	479,174	282,206	487,512	1,379,152	301,003	3,165,319	1,032,387	22,471,601
2002	15,892,133	546,158	335,799	477,793	1,515,780	393,917	2,935,337	1,025,854	23,122,771
2003	15,205,041	531,312	267,037	504,406	1,304,509	407,653	3,271,738	1,020,646	22,512,342
2004	15,550,960	541,746	255,288	510,349	1,404,571	401,129	3,144,173	1,040,644	22,848,860
2005	16,781,917	553,468	261,810	514,771	1,406,167	446,387	2,720,081	1,084,453	23,769,054

General Fund
Percentage of Expenditures by Function
1996-2005

Year Ended June 30	Instruction	Students	Instructional Staff	District Administration	School Administration	Business	Operation & Maintenance of Facilities	Transportation	Total Expenditures
1996	70.021%	1.962%	1.504%	2.745%	6.576%	1.128%	12.112%	3.952%	100.00%
1997	70.346%	2.258%	1.543%	2.637%	6.312%	1.448%	11.557%	3.899%	100.00%
1998	69.460%	2.149%	1.231%	2.671%	6.273%	1.603%	12.545%	4.068%	100.00%
1999	69.673%	1.925%	1.367%	2.771%	6.188%	1.576%	12.256%	4.245%	100.00%
2000	70.420%	2.052%	1.274%	2.253%	6.223%	1.471%	12.168%	4.140%	100.00%
2001	68.286%	2.132%	1.256%	2.169%	6.137%	1.339%	14.086%	4.594%	100.00%
2002	68.729%	2.362%	1.452%	2.066%	6.555%	1.704%	12.695%	4.437%	100.00%
2003	67.541%	2.360%	1.186%	2.241%	5.795%	1.811%	14.533%	4.534%	100.00%
2004	68.060%	2.371%	1.117%	2.234%	6.147%	1.756%	13.761%	4.554%	100.00%
2005	70.604%	2.329%	1.101%	2.166%	5.916%	1.878%	11.444%	4.562%	100.00%

* Business and Data Processing were combined into a single column to provide consistent comparability with the financial statements

Information for this schedule was obtained from the historical financial records of the District

SEVIER SCHOOL DISTRICT
General Fund
Comparison of Per Pupil Expenditures by Function
1996-2005

Year Ended June 30	Instruction	Students	Instructional Staff	District Administration	School Administration	Business/ Data Processing	Operation & Maintenance of Facilities	Transportation	Total Expenditures	Average Daily Membership
1996	2,483	70	53	97	233	40	429	140	3,545	4,917
1997	2,655	85	58	99	238	55	436	147	3,773	4,933
1998	2,806	87	50	108	253	65	507	164	4,040	4,839
1999	3,034	84	60	121	269	69	534	185	4,356	4,706
2000	3,164	92	57	101	280	66	547	186	4,493	4,616
2001	3,404	106	63	108	306	67	702	229	4,985	4,508
2002	3,567	123	75	107	340	88	659	230	5,189	4,455
2003	3,464	121	61	115	297	93	745	232	5,128	4,390
2004	3,573	124	59	117	323	92	722	239	5,249	4,353
2005	3,861	127	60	118	323	103	626	249	5,467	4,347

* Business and Data Processing were combined into a single column to provide consistent comparability with the financial statements

Information for this schedule was obtained from the historical financial and statistical records of the District

SEVIER SCHOOL DISTRICT
Property Tax Revenues by Fund
For the Years Ended June 30, 1996 to 2005

Year Ended June 30	General Fund Revenues				Total for the General Fund	Special Revenue Funds			Total Funds
	Basic State Levy	Voted, Board & Reading Leeways	Transportation Levy	Tort Liability		Recreation Levy	Capital Outlay & 10% of Basic Levies	Debt Service Levy	
1996	1,472,644	195,812	97,922	34,994	1,801,372	74,024	551,232	1,220,124	3,646,752
1997	1,306,794	245,206	122,728	39,487	1,714,215	65,799	613,517	1,419,893	3,813,424
1998 *	1,284,402	613,560	138,535	42,503	2,079,000	67,769	301,574	1,556,251	4,004,594
1999	1,500,643	810,138	152,439	31,697	2,494,917	106,376	312,079	1,896,283	4,809,655
2000	1,535,260	834,381	166,042	30,038	2,565,721	113,476	926,163	1,339,181	4,944,541
2001	1,034,559	545,533	129,379	16,091	1,725,562	123,398	851,534	1,596,915	4,297,409
2002	1,344,540	753,244	165,713	42,182	2,305,679	148,389	953,607	2,100,043	5,507,718
2003	1,423,872	787,975	236,393	44,915	2,493,155	148,927	1,202,451	1,822,587	5,667,120
2004	1,499,381	821,579	246,474	50,938	2,618,372	153,635	1,224,153	2,141,035	6,137,195
2005 **	1,523,500	948,802	253,917	35,548	2,761,767	158,275	1,443,093	1,675,850	6,038,985

Percentage of Property Tax Revenues by Fund
For the Years Ended June 30, 1996 to 2005

Year Ended June 30	General Fund Revenues				Total for the General Fund	Special Revenue Funds			Total Funds
	Basic State Levy	Voted, Board & Reading Leeways	Transportation Levy	Tort Liability		Recreation Levy	Capital Outlay & 10% of Basic Levies	Debt Service Levy	
1996	40.382%	5.369%	2.685%	0.960%	49.396%	2.030%	15.116%	33.458%	100.00%
1997	34.268%	6.430%	3.218%	1.035%	44.951%	1.725%	16.088%	37.234%	100.00%
1998	32.073%	15.321%	3.459%	1.061%	51.914%	1.692%	7.531%	38.862%	100.00%
1999	31.201%	16.844%	3.169%	0.659%	51.873%	2.212%	6.489%	39.427%	100.00%
2000	31.050%	16.875%	3.358%	0.607%	51.890%	2.295%	18.731%	27.084%	100.00%
2001	24.074%	12.694%	3.011%	0.374%	40.153%	2.871%	19.815%	37.160%	100.00%
2002	24.412%	13.676%	3.009%	0.766%	41.863%	2.694%	17.314%	38.129%	100.00%
2003	25.125%	13.904%	4.171%	0.793%	43.993%	2.628%	21.218%	32.161%	100.00%
2004	24.431%	13.387%	4.016%	0.830%	42.664%	2.503%	19.946%	34.886%	100.00%
2005	25.228%	15.711%	4.205%	0.589%	45.733%	2.621%	23.896%	27.751%	100.00%

* The District implemented a Voted Leeway of .0006 which was approved by the voters during the prior year general election and a Judgment Recovery levy designed to recapture the prior year taxes appealed and returned to the taxpayers.

** The District implemented a Reading Initiative Levy of .000121 which was established by the 2005 Legislature and this levy does receive some revenue equalization from the Utah State Office of Education.

Information for this schedule was obtained from the historical financial records of the District

SEVIER SCHOOL DISTRICT
Schedule of Property Tax Rates (Per \$1) by Fund
For the Years Ended June 30, 1996 to 2005

Year Ended June 30	General Fund Tax Rates				Special Revenue Fund Tax Rates			
	Basic State Levy *	Voted, Board & Reading Leeways	Transportation Levy	Tort Liability	Total for the General Fund	Recreation Levy	Capital Outlay & 10% of Basic Levies	Debt Service Levy
1996	.002640	.000400	.000200	.000072	.003312	.000148	.001057	.002586
1997	.002046	.000400	.000200	.000063	.002709	.000100	.000984	.002275
1998 **	.001950	.001107	.000200	.000061	.003318	.000097	.000342	.002258
1999	.001840	.001107	.000179	.000034	.003160	.000132	.000380	.002265
2000	.001840	.001000	.000199	.000036	.003075	.000136	.001110	.001605
2001	.001881	.001000	.000224	.000031	.003136	.000201	.001338	.002656
2002	.001785	.001000	.000220	.000056	.003061	.000197	.001266	.002788
2003	.001807	.001000	.000300	.000057	.003164	.000189	.001526	.002313
2004	.001825	.001000	.000300	.000062	.003187	.000187	.001490	.002606
2005 ***	.001800	.001121	.000300	.000042	.003263	.000187	.001705	.001980
								.007103
								.006068
								.006015
								.005937
								.005926
								.007331
								.007312
								.007192
								.007470
								.007135

* The State of Utah Legislature changes the state supported tax rate for the basic program in the General Fund each year to meet the funding requirements necessary for the State as a whole. The detail of the property tax revenues within the General Fund are shown on page 89. The change offsets any increase or decrease in state supported basic program funds shifting the funding source to or from the State of Utah rather than from local property taxes.

** The District implemented a Voted Leeway of .0006 which was approved by the voters during the prior year general election and a Judgment Recovery levy designed to recapture the prior year taxes appealed and returned to the taxpayers.

*** The District implemented a Reading Initiative Levy of .000121 which was established by the 2005 Legislature and this levy does receive some revenue equalization from the Utah State Office of Education.

Information for this schedule was obtained from the historical financial records of the District

SEVIER SCHOOL DISTRICT
Property Tax Rates (Per \$1 of Taxable Value) - Direct and All Overlapping Governments
 As of November 30, 1995 to 2004

Year Ended Nov. 30	Sevier School District	Sevier County	Municipalities										Central Utah Water Conservancy District	District Total		
			Annabella	Aurora	Elsinore	Glenwood	Joseph	Koosharem	Monroe	Redmond	Richfield	Salina		Sigurd	Low	High
1995	.007103	.003781	.001536	.002264	.002897	.001317	.000991	.000714	.002186	.002326	.003625	.002736	.001365	.000000	.011598	.014509
1996	.006068	.003514	.001299	.001934	.002430	.001089	.000881	.000609	.001900	.001956	.003251	.002533	.001275	.000000	.010191	.012833
1997	.006015	.003497	.001164	.001768	.002222	.000989	.000831	.000599	.001715	.001750	.002910	.002451	.001233	.000000	.010111	.012422
1998	.005937	.002864	.001178	.001812	.002238	.000988	.000828	.000617	.001836	.001804	.002858	.002501	.001256	.000000	.009418	.011659
1999	.005926	.002745	.001103	.001778	.002147	.000915	.000806	.000640	.001622	.001777	.002705	.002506	.001199	.000000	.009311	.011376
2000	.007331	.003047	.001138	.001688	.002153	.000939	.000821	.000663	.001637	.001660	.002551	.002461	.001175	.000000	.011041	.012929
2001	.007312	.003791	.001094	.001643	.002047	.000870	.000739	.000673	.001567	.001650	.002522	.002444	.001175	.000000	.011776	.013625
2002	.007192	.003893	.001086	.001647	.001974	.000875	.000745	.000579	.001564	.001650	.002520	.002410	.001213	.000000	.011664	.013605
2003	.007470	.003808	.001102	.001642	.002034	.000872	.000750	.000588	.001575	.001636	.002457	.002394	.001214	.000000	.011866	.013735
2004	.007135	.003774	.001090	.001689	.002045	.000860	.000750	.000579	.001577	.001548	.002451	.002387	.001262	.000000	.011488	.013360

SEVIER SCHOOL DISTRICT
Percent Change for Property Tax Rates (Per \$1 of Taxable Value) - Direct and All Overlapping Governments
 As of November 30, 1996 to 2004 Compared to the Previous Years Tax Rate

Year Ended Nov. 30	Sevier School District	Sevier County	Municipalities										Central Utah Water Conservancy District	District Total	
			Annabella	Aurora	Elsinore	Glenwood	Joseph	Koosharem	Monroe	Redmond	Richfield	Salina		Sigurd	Low
1996	-14.6%	-7.1%	-15.4%	-14.6%	-16.1%	-17.3%	-11.1%	-14.7%	-13.1%	-15.9%	-10.3%	-7.4%	-6.6%	-12.1%	-11.8%
1997	-0.9%	-0.5%	-10.4%	-8.6%	-8.6%	-9.2%	-5.7%	-1.6%	-9.7%	-10.5%	-10.5%	-3.2%	-3.3%	-0.8%	-3.2%
1998	-1.3%	-18.1%	1.2%	2.5%	0.7%	-0.1%	-0.4%	3.0%	7.1%	3.1%	-1.8%	2.0%	1.9%	-6.9%	-6.1%
1999	-0.2%	-4.2%	-6.4%	-1.9%	-4.1%	-7.4%	-2.7%	3.7%	-11.7%	-1.5%	-5.4%	0.2%	-4.5%	-1.1%	-2.4%
2000	23.7%	11.0%	3.2%	-5.1%	0.3%	2.6%	1.9%	3.6%	0.9%	-6.6%	-5.7%	-1.8%	-2.0%	18.6%	13.7%
2001	-0.3%	24.4%	-3.9%	-2.7%	-4.9%	-7.4%	-10.0%	1.5%	-4.3%	-0.6%	-1.1%	-0.7%	0.0%	6.7%	5.4%
2002	-1.6%	2.7%	-0.7%	0.2%	-3.6%	0.6%	0.8%	-14.0%	-0.2%	0.0%	-0.1%	-1.4%	3.2%	-1.0%	-0.2%
2003	3.9%	-2.2%	-1.5%	-0.3%	3.0%	-0.3%	0.7%	1.6%	0.7%	-0.9%	-2.5%	-0.7%	0.1%	1.7%	1.0%
2004	-4.5%	-0.9%	-1.1%	2.9%	0.5%	-1.4%	-0.0%	-1.5%	0.1%	-5.4%	-0.2%	-0.3%	4.0%	-3.2%	-2.7%
Total Change	0.5%	-0.2%	-29.0%	-25.4%	-29.4%	-34.7%	-24.3%	-18.9%	-27.9%	-33.5%	-32.4%	-12.8%	-7.6%	-1.0%	-7.9%

The tax rates shown on this table represent the tax rates that are effective for each entity on the prescribed date the taxes are levied by the county, which is November 30th of each year.

Information for this table was provided by the Sevier County Auditor's Office

SEVIER SCHOOL DISTRICT

Property Tax Rates (Per \$1 of Taxable Value), Taxes Levied, Fee in Lieu of Taxes and Collections
For the Years Ended June 30, 1996 to 2005

Year Ended June 30	Tax Rate (Per \$1)	Taxable Value	Taxes Levied	Personal Property Fee in Lieu (1)	Fee in Lieu of Taxes	Total Valuation	Total Taxes	Current Collections	Percent of Current Collections	Delinquent Collections	Total Collections	Percent of Total Collections to Taxes Levied
1996	.007103	426,942,219	3,032,571	76,744,671	711,655	503,686,890	3,744,226	3,488,833	93.18%	157,919	3,646,752	97.40%
1997	.006068	504,241,107	3,059,735	83,288,757	740,740	587,529,864	3,800,475	3,608,837	94.96%	204,587	3,813,424	100.34%
1998	.006015	543,425,778	3,268,706	88,950,044	802,845	632,375,822	4,071,551	3,854,903	94.68%	149,691	4,004,594	93.36%
1999	.005937	663,495,026	3,939,170	97,636,088	813,674	761,131,114	4,752,844	4,551,767	95.77%	257,889	4,809,656	101.20%
2000	.005926	701,875,570	4,159,315	95,583,376	844,809	797,458,946	5,004,124	4,667,424	93.27%	277,117	4,944,541	93.81%
2001	.007331 (2)	637,586,629	4,674,148	99,418,620	705,457	737,005,249	5,379,605	4,091,705	76.06%	205,704	4,297,409	79.88%
2002	.007312	638,212,709	4,812,851	103,776,090	856,804	761,988,799	5,669,655	5,305,564	93.57%	202,354	5,507,718	97.14%
2003	.007192	661,634,457	4,758,475	107,169,829	904,240	768,804,286	5,662,715	5,403,887	95.43%	263,233	5,667,120	100.08%
2004	.007470	678,076,157	5,065,229	110,365,210	1,155,923	788,441,367	6,221,152	5,028,922	95.30%	208,273	6,137,195	98.65%
2005	.007135	710,792,004	5,074,501	115,173,216	974,125	825,965,220	6,043,626	5,817,157	96.22%	221,828	6,038,985	99.89%

(1) The State has adopted an annual statewide uniform fee in lieu of the ad valorem tax based on the age of motor vehicles and state-assessed commercial vehicles registered with the state that weigh 12,000 pounds or less. The age based uniform fee is as follows: less than 3 years \$150, 3 or more years but less than 6 years \$110, 6 or more years but less than 9 years \$80, 9 or more years but less than 12 years \$50, and more than 12 years \$10. The State adopted an annual statewide uniform fee in lieu of the ad valorem tax on motor vehicles registered with the state that weigh 12,001 pounds or more, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the state before it is used on a public highway, on a public waterway, on public land, or in the air. The amount of the uniform fee is equal to 1.5% of the fair market value.

(2) During the 2001 fiscal year the District repaid Canyon Fuel, Inc \$1,206,005 in property taxes for their approved appeal for the years of 1999 and 2000. The appeal amounted to a reduction in the assessed of \$102,486,437 for each of the years appealed. If this repayment had not taken place the total current collections would have totaled \$5,297,710, which is a 98.48% collection rate. The total collection rate would be equal to 102.30%.

The following years have been restated for comparative purposes based on the Canyon Fuel, Inc approved appeal and repayment of taxes and reduction in assessed valuation.

1999	.005937	\$ 561,008,589	\$ 3,330,708	\$ 97,636,088	\$ 813,674	\$ 658,644,677	\$ 4,144,382	\$ 3,954,141	95.41%	\$ 257,889	\$ 4,212,030	101.63%
2000	.005926	599,389,133	3,551,980	95,583,376	844,809	694,972,509	4,396,789	4,059,045	92.32%	277,117	4,336,162	98.62%
2001	.007331	637,586,629	4,674,148	99,418,620	705,457	737,005,249	5,379,605	5,297,710	98.48%	205,704	5,503,414	102.30%

Information for this schedule was obtained from the historical financial records of the District

SEVIER SCHOOL DISTRICT

Taxable and Estimated Actual Value of

Taxable Property

Years Ended December 31, 1995 to 2004

Year Ended December 31	Locally Assessed Property			State Assessed Property	Total Taxable Value	Estimated Fair Market Value (1)	Percent of Total Taxable Value To Estimated FMV
	Real Estate	Buildings Structures, Etc	Personal Property (2)				
1995	69,859,030	177,141,402	104,038,189	152,648,269	503,686,890	656,462,762	76.73%
1996	80,762,408	213,852,467	114,329,056	178,585,933	587,529,864	817,672,454	71.85%
1997	87,232,170	237,703,446	114,863,856	192,574,350	632,375,822	892,714,201	70.84%
1998	87,003,300	249,745,736	125,396,368	298,985,710	761,131,114	1,035,528,114	73.50%
1999	99,163,777	282,602,806	126,973,303	288,719,060	797,458,946	1,138,171,660	70.06%
2000	103,517,275	321,175,750	129,612,899	182,699,325	737,005,249	1,075,936,937	68.50%
2001	109,166,025	335,410,650	135,159,997	182,252,127	761,988,799	1,112,438,278	68.50%
2002	112,958,845	348,975,506	141,923,004	164,946,931	768,804,286	1,130,831,573	67.99%
2003	115,941,195	364,867,410	140,174,110	167,458,652	788,441,367	1,158,404,394	68.06%
2004	120,841,895	386,053,250	146,210,736	172,859,339	825,965,220	1,206,401,591	68.47%

(1) The estimated fair market value is determined based on Utah Code using section 59-2-103 which allows for a reduction in the taxable value on residential property in the amount of 29.5%. All other tangible taxable property shall be assessed and taxed at a uniform and equal rate on the basis of its fair market value, as valued on January 1st each year. Beginning January 1, 1995, the reduction in taxable value on residential property increased to 45%.

(2) The State has adopted an annual statewide uniform fee in lieu of the ad valorem tax based on the age of motor vehicles and state-assessed commercial vehicles registered with the state that weigh 12,000 pounds or less. The age based uniform fee is as follows; less than 3 years \$150, 3 or more years but less than 6 years \$110, 6 or more years but less than 9 years \$80, 9 or more years but less than 12 years \$50, and more than 12 years \$10. The State adopted an annual statewide uniform fee in lieu of the ad valorem tax on motor vehicles registered with the state that weigh 12,001 pounds or more, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the state before it is used on a public highway, on a public waterway, on public land, or in the air. The amount of the uniform fee is equal to 1.5% of the fair market value.

Information for this schedule was obtained from the Sevier County Auditor's Report to the State Tax Commission.

SEVIER SCHOOL DISTRICT

Schedule of the Ten Largest Taxpayers in Sevier School District

<u>Taxpayer</u>	<u>Business</u>	<u>December 31, 2004 Taxable Value</u>	<u>Percent of Total Taxable Value</u>
Canyon Fuel Company	Coal Mining	\$ 91,834,473	11.12%
Pacific Corp/Utah Power	Electrical Utility	39,745,557	4.81%
Qwest Communications	Communications	14,071,012	1.70%
Walmart	Department Store	9,392,476	1.14%
U.S. Gypsum Company	Gypsum Products	5,993,885	0.73%
Mark Greenwood & Related Properties	Hotels and Restaurant	5,284,669	0.64%
Questar Gas	Natural Gas Utility	5,189,039	0.63%
Albertsons	Grocery Retail	4,554,690	0.55%
Georgia-Pacific Corporation	Gypsum Products	3,753,967	0.45%
Hales Sand & Gravel Inc.	Construction & Mining	3,625,239	0.44%
Total		<u>\$ 183,445,007</u>	<u>22.21%</u>

Notes:

The Schedule of the Ten Largest Taxpayers does not include taxable values generated from commercial motor vehicles assessed and prorated by the State Tax Commission throughout the state. The ten largest taxpayers identified above have been determined using real and personal property taxable values only.

For purposes of computing the Percent of Total Taxable Value, the total taxable value, including personal property, fee in lieu and fee based values of the Sevier County area is used. The taxable value amount on other tables excludes the taxable value of the Richfield Redevelopment Agency on which the District does not collect taxes. The total taxable value used to calculate the percentage is \$825,965,220 which excludes the taxable value of the Richfield Redevelopment Agency.

Information for this schedule was obtained from the Sevier County Assessor's Tax Rolls

SEVIER SCHOOL DISTRICT
Percent of General Obligation Bonded Debt to Taxable Value
Bonded Debt Per Capita, and Bonded Debt Per ADM
For the Years Ended June 30, 1996 to 2005

<u>Year Ended June 30</u>	<u>Estimated Population*</u>	<u>Taxable Value (1)</u>	<u>Bonded Debt</u>	<u>Percent of Bonded Debt to Taxable Value</u>	<u>Bonded Debt Per Capita</u>	<u>Average Daily Membership</u>	<u>Bonded Debt Per ADM</u>
1996	17,682	503,686,890	7,030,000	1.40%	398	4,917	1,430
1997	18,238	587,529,864	17,095,000	2.91%	937	4,933	3,465
1998	18,238	632,375,822	16,645,000	2.63%	913	4,839	3,440
1999	18,238	761,131,114	17,000,000	2.23%	932	4,706	3,612
2000	18,238	797,458,946	18,365,000	2.30%	1,007	4,616	3,979
2001	18,842	737,005,249	17,635,000	2.39%	936	4,508	3,912
2002	18,842	761,988,799	16,878,000	2.21%	896	4,455	3,789
2003	18,961	768,804,286	19,650,000	2.56%	1,036	4,390	4,476
2004	19,103	788,441,367	18,705,000	2.37%	979	4,353	4,297
2005	19,455	825,965,220	17,730,000	2.15%	911	4,347	4,079

(1) The taxable value does not include the Richfield Redevelopment Agency on which the school district does not assess or collect taxes.

* Years Ended after June 30, 1993 through 2000 reflect estimates

* Year Ended after June 30, 2001 reflect estimates based on the 2000 Census Report

Information for this schedule was obtained from the historical financial and statistical records of the District

SEVIER SCHOOL DISTRICT

Computation of Legal Debt Margin

June 30, 2005

Estimated Fair Market Value (1)	\$ 1,206,401,591
"Fair Market Value" X 4% (Debt Limit)	48,256,064
Less: Outstanding General Obligation Debt	<u>17,730,000</u>
Legal Debt Margin/Additional Debt Incurring Capacity	<u>\$ 30,526,064</u>

Computation of Direct and Overlapping General Obligation Debt

June 30, 2005

Governmental Unit	General Obligation Debt	Percent Applicable to Sevier School District	Direct and Overlapping Debt
Direct Debt:			
Sevier School District	\$ 17,730,000	100.00%	\$ 17,730,000
Overlapping Debt:			
Sevier County	7,196,060	100.00%	7,196,060
Annabella	-	100.00%	-
Aurora	541,000	100.00%	541,000
Elsinore	-	100.00%	-
Glenwood	-	100.00%	-
Joseph	-	100.00%	-
Koosharem	-	100.00%	-
Monroe	-	100.00%	-
Redmond	-	100.00%	-
Richfield	-	100.00%	-
Salina	-	100.00%	-
Sigurd	<u>19,014</u>	100.00%	<u>19,014</u>
Total of Overlapping Debt	<u>7,756,074</u>		<u>7,756,074</u>
Total Direct and Overlapping Debt	<u>\$ 25,486,074</u>		<u>\$ 25,486,074</u>

Note (1):

For debt incurring capacity only, in computing the fair market value of taxable property in the District, the fair market value of all tax equivalent property (which value includes the values of motor vehicles, watercraft, recreational vehicles and all other tangible personal property required to be registered with the State) has been included as a part of the fair market value of the taxable property in the District.

Information for this schedule was obtained from each of the governmental entities shown

SEVIER SCHOOL DISTRICT

Percent of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures 1996-2005

Year Ended June 30	Principal	Interest and Paying Agent Fees	Total Debt Service	Total General Fund Expenditures	Percent of Debt Service to General Expenditures
1996	670,000	453,641	1,123,641	17,435,854	6.44%
1997	735,000	393,956	1,128,956	18,614,845	6.06%
1998	450,000	1,013,553	1,463,553	19,551,817	7.49%
1999	590,000	699,129	1,289,129	20,490,458	6.29%
2000	685,000	866,160	1,551,160	20,740,749	7.48%
2001	730,000	914,157	1,644,157	22,471,601	7.32%
2002	785,000	885,838	1,670,838	23,122,771	7.23%
2003	878,000	827,744	1,705,744	22,512,342	7.58%
2004	945,000	891,490	1,836,490	22,848,860	8.04%
2005	975,000	859,460	1,834,460	23,769,054	7.72%

The School District issued a refunding bond series dated October 15, 1998 in the amount of \$9,830,000 which refunded \$8,885,000 of the issue dated May 1, 1997. This decreased the amount of interest expenditure for the 1999 fiscal year and for future years.

The School District issued a general obligation bond series dated February 3, 2000 in the amount of \$2,050,000, which will increase principal and interest for future years.

The School District issued a refunding bond series dated May 6, 2002 in the amount of \$1,608,000 which refunded \$1,580,000 of the issue dated October 15, 1993. This will decrease the amount of interest expenditure for future years.

The School District issued a general obligation bond series dated February 26, 2003 in the amount of \$3,650,000, which will increase principal and interest for future years.

Information for this schedule was obtained from the historical financial records of the District

SEVIER SCHOOL DISTRICT
Summary of Weighted Pupil Units (WPU's)
Years Ended June 30, 1996 through June 30, 2005

	2004-05	2003-04	2002-03	2001-02 *	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
Pupils in Grades K-12	4,034.965	4,087.436	4,160.646	4,205.550	4,345.034	4,438.789	4,542.521	4,623.114	4,698.793	4,689.492
Professional Staff	469.395	465.738	470.576	465.743	478.310	457.587	452.520	440.508	440.608	420.579
Administrative Cost Units	48.000	48.000	48.000	48.000	48.000	48.000	48.000	48.000	48.000	48.000
Necessary Existent Small Schools	478.453	469.194	445.620	420.824	427.430	260.191	232.157	203.357	195.965	200.793
Handicapped	763.377	818.480	904.430	881.978	892.976	923.511	912.200	902.419	880.443	865.804
Youth in Custody	-	-	-	-	90.907	90.334	102.756	65.551	55.946	57.700
Adult High Completion	-	-	-	-	36.921	34.838	32.711	32.160	32.935	32.442
Vocational Education	332.754	318.549	327.819	381.789	301.407	279.534	283.262	295.279	274.997	295.270
Accelerated Learning	-	-	-	-	79.707	77.907	85.508	75.859	63.802	55.419
At Risk Students	-	-	-	-	38.687	39.763	39.150	48.555	45.437	42.120
Career Ladders	-	-	-	-	241.260	244.824	254.243	255.402	255.299	257.425
Class Size Reduction/K-6th Grade	262.714	265.049	268.306	270.776	278.554	279.934	245.991	242.938	109.392	106.120
Local Program	-	-	-	-	121.364	119.560	122.340	123.296	126.864	126.308
Total Basic WPU's	<u>6,389.658</u>	<u>6,472.446</u>	<u>6,625.397</u>	<u>6,674.660</u>	<u>7,380.557</u>	<u>7,294.772</u>	<u>7,353.359</u>	<u>7,356.438</u>	<u>7,228.481</u>	<u>7,195.472</u>
State WPU Value	\$ 2,182	\$ 2,150	\$ 2,132	\$ 2,116	\$ 2,006	\$ 1,901	\$ 1,854	\$ 1,791	\$ 1,739	\$ 1,672

* The State Legislature during the 2001 session changed the funding formulas for several programs. Those programs established above the line would remain on the WPU funding structure and those that were established below the line would no longer receive ongoing WPU increases and would need to be re-evaluated each year for possible increases. Many of these programs, such as At Risk, the Local Program and Career Ladders were established into different block grants at the state level, with some local discretion as to the expenditure allocations per the various programs within the block grant.

Information for this schedule was obtained from the historical statistical records of the District and the Utah State Office of Education

SEVIER SCHOOL DISTRICT

Schedule of Average Daily Membership, Average Membership Growth Percentage Average Daily Attendance and Attendance Percentage 1996-2005

School Year	Enrollment Area - Membership				Average Daily Membership	Average Membership Growth %	Average Daily Attendance	Attendance Percentage
	Kooshareem	North Sevier	Richfield	South Sevier				
1995-96	49	1,212	2,343	1,313	4,917	-0.87%	4,608	93.72%
1996-97	47	1,226	2,348	1,312	4,933	0.33%	4,619	93.63%
1997-98	44	1,196	2,323	1,276	4,839	-1.91%	4,526	93.53%
1998-99	40	1,174	2,264	1,228	4,706	-2.75%	4,412	93.75%
1999-00	51	1,160	2,157	1,248	4,616	-1.91%	4,342	94.06%
2000-01	51	1,117	2,084	1,256	4,508	-2.34%	4,242	94.10%
2001-02	46	1,075	2,089	1,245	4,455	-1.18%	4,197	94.21%
2002-03	48	1,034	2,087	1,221	4,390	-1.46%	4,143	94.37%
2003-04	61	991	2,096	1,205	4,353	-0.85%	4,126	94.79%
2004-05	51	994	2,085	1,217	4,347	-0.13%	4,129	94.98%

This schedule excludes the Pre-Kindergarten and YIC students and only reports the actual K-12 students enrolled in the District's 12 schools including non-resident.

Percentage of Average Daily Membership by Attendance Area 1996-2005

School Year	Enrollment Area - Membership				Average Daily Membership
	Kooshareem	North Sevier	Richfield	South Sevier	
1995-96	0.997%	24.649%	47.651%	26.703%	100.00%
1996-97	0.953%	24.853%	47.598%	26.596%	100.00%
1997-98	0.909%	24.716%	48.006%	26.369%	100.00%
1998-99	0.850%	24.947%	48.109%	26.094%	100.00%
1999-00	1.105%	25.130%	46.729%	27.036%	100.00%
2000-01	1.131%	24.778%	46.229%	27.862%	100.00%
2001-02	1.033%	24.130%	46.891%	27.946%	100.00%
2002-03	1.093%	23.554%	47.540%	27.813%	100.00%
2003-04	1.401%	22.757%	48.150%	27.692%	100.00%
2004-05	1.173%	22.873%	47.965%	27.989%	100.00%

Information for this schedule was obtained from the historical statistical records of the District

SEVIER SCHOOL DISTRICT
Ethnic and Gender Distribution of Student Population
As of October 1st Fall Enrollment Reports 1996 to 2005

	1-Oct-05	1-Oct-04	1-Oct-03	1-Oct-02	1-Oct-01	1-Oct-00	1-Oct-99	1-Oct-98	1-Oct-97	1-Oct-96
ETHNIC DISTRIBUTION:										
Percent of Student Count										
Black	0.19%	0.10%	0.21%	0.14%	0.24%	0.22%	0.28%	0.27%	0.27%	0.24%
American Indian/Alaskan Native	4.34%	4.58%	4.47%	4.21%	4.40%	4.55%	4.38%	4.08%	4.41%	4.61%
Hispanic	3.58%	3.00%	2.79%	2.64%	2.31%	2.08%	2.00%	1.67%	1.70%	1.64%
Pacific Islander	0.18%	0.18%	0.18%	0.14%	0.09%	0.13%	0.06%	0.06%	0.10%	0.16%
Asian	0.23%	0.27%	0.29%	0.38%	0.22%	0.26%	0.21%	0.27%	0.31%	0.38%
White	91.48%	91.87%	92.06%	92.49%	92.74%	92.76%	93.07%	93.65%	93.21%	92.97%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Student Count										
Black	8	4	9	6	11	10	13	13	13	12
American Indian/Alaskan Native	190	201	197	188	200	208	206	196	215	233
Hispanic	157	132	123	118	105	95	94	80	83	83
Pacific Islander	8	8	8	6	4	6	3	3	5	8
Asian	10	12	13	17	10	12	10	13	15	19
White	4,007	4,036	4,058	4,127	4,212	4,237	4,377	4,496	4,542	4,696
Total	<u>4,380</u>	<u>4,393</u>	<u>4,408</u>	<u>4,462</u>	<u>4,542</u>	<u>4,568</u>	<u>4,703</u>	<u>4,801</u>	<u>4,873</u>	<u>5,051</u>
GENDER DISTRIBUTION:										
Percent of Student Count										
Male	51.12%	51.13%	51.00%	51.77%	50.90%	51.01%	51.80%	51.78%	51.22%	51.02%
Female	48.88%	48.87%	49.00%	48.23%	49.10%	48.99%	48.20%	48.22%	48.78%	48.98%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Student Count										
Male	2,239	2,246	2,248	2,310	2,312	2,330	2,436	2,486	2,496	2,577
Female	2,141	2,147	2,160	2,152	2,230	2,238	2,267	2,315	2,377	2,474
Total	<u>4,380</u>	<u>4,393</u>	<u>4,408</u>	<u>4,462</u>	<u>4,542</u>	<u>4,568</u>	<u>4,703</u>	<u>4,801</u>	<u>4,873</u>	<u>5,051</u>

Includes K-12 and Non-Resident Students

Information for this schedule was obtained from the historical statistical records of the District

SEVIER SCHOOL DISTRICT
District Employee and Staffing Levels
(Full Time Equivalent - FTE)
Years Ended June 30, 1996 through June 30, 2005

	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>
Teachers	220.9	216.9	217.8	222.7	221.1	218.7	222.8	225.4	227.6	222.1
Classified Instructional Personnel	60.1	61.7	67.2	73.1	73.5	71.9	75.9	73.4	73.9	69.5
Principals	10.5	10.5	10.5	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Supervisors, Directors, Admin. Assist.	4.5	4.5	4.5	3.8	3.5	3.5	3.6	4.6	4.6	3.6
Specialists or Consultants	3.6	3.0	3.0	3.7	4.0	4.0	2.0	2.0	2.0	2.0
Superintendent, Assistant, Business Mgr.	3.0	3.0	3.2	3.0	3.0	3.0	2.7	2.7	2.7	2.7
Media Center Coordinators (Librarians)	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Counselors & Guidance Personnel	5.0	5.0	5.3	4.8	4.8	3.8	3.1	4.0	4.0	3.0
Nurses	1.0	1.0	1.0	1.0	1.0	1.4	1.3	1.0	1.0	1.0
Clerical	20.1	19.9	19.9	20.6	20.1	19.8	20.1	20.1	19.6	18.9
Custodian	29.6	29.4	29.2	31.6	31.5	29.5	29.4	28.4	28.1	27.0
Carpenter, Painter, Mechanic, Warehouse	8.5	8.5	8.5	8.5	8.5	8.0	7.5	8.4	8.0	7.9
Food Service	31.1	30.2	31.3	31.7	31.7	31.9	32.9	32.0	30.9	32.2
Bus Drivers	16.1	16.1	15.5	15.7	14.9	14.9	15.9	15.0	15.2	15.7
Total Full Time Equivalents	<u>424.0</u>	<u>419.7</u>	<u>426.9</u>	<u>442.2</u>	<u>439.5</u>	<u>432.4</u>	<u>439.2</u>	<u>439.0</u>	<u>439.6</u>	<u>427.6</u>
Percent Change from Prior Year	<u>1.02%</u>	<u>-1.69%</u>	<u>-3.45%</u>	<u>0.61%</u>	<u>1.64%</u>	<u>-1.55%</u>	<u>0.05%</u>	<u>-0.14%</u>	<u>2.80%</u>	<u>0.43%</u>

Percentage of District Employee and Staffing Levels
Years Ended June 30, 1996 through June 30, 2005

	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>
Teachers	52.099%	51.680%	51.021%	50.363%	50.299%	50.578%	50.729%	51.344%	51.774%	51.944%
Classified Instructional Personnel	14.175%	14.701%	15.741%	16.531%	16.723%	16.628%	17.281%	16.720%	16.811%	16.252%
Principals	2.476%	2.502%	2.459%	2.714%	2.730%	2.775%	2.732%	2.733%	2.730%	2.806%
Supervisors, Directors, Admin. Assist.	1.061%	1.072%	1.054%	0.859%	0.796%	0.809%	0.820%	1.048%	1.046%	0.842%
Specialists or Consultants	0.849%	0.715%	0.703%	0.837%	0.910%	0.925%	0.455%	0.456%	0.455%	0.468%
Superintendent, Assistant, Business Mgr.	0.708%	0.715%	0.750%	0.678%	0.683%	0.694%	0.615%	0.615%	0.614%	0.631%
Media Center Coordinators (Librarians)	2.358%	2.383%	2.342%	2.261%	2.275%	2.313%	2.277%	2.278%	2.275%	2.338%
Counselors & Guidance Personnel	1.179%	1.191%	1.241%	1.092%	1.099%	0.879%	0.706%	0.911%	0.910%	0.702%
Nurses	0.236%	0.238%	0.234%	0.226%	0.228%	0.324%	0.296%	0.228%	0.227%	0.234%
Clerical	4.741%	4.741%	4.661%	4.659%	4.573%	4.579%	4.577%	4.579%	4.459%	4.420%
Custodian	6.981%	7.005%	6.840%	7.146%	7.165%	6.822%	6.694%	6.469%	6.392%	6.314%
Carpenter, Painter, Mechanic, Warehouse	2.005%	2.025%	1.991%	1.922%	1.934%	1.850%	1.708%	1.913%	1.820%	1.847%
Food Service	7.335%	7.196%	7.332%	7.160%	7.203%	7.377%	7.491%	7.289%	7.029%	7.530%
Bus Drivers	<u>3.797%</u>	<u>3.836%</u>	<u>3.631%</u>	<u>3.551%</u>	<u>3.381%</u>	<u>3.446%</u>	<u>3.620%</u>	<u>3.417%</u>	<u>3.458%</u>	<u>3.671%</u>
Total Full Time Equivalents	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Information for this schedule was obtained from the historical statistical records of the District

SEVIER SCHOOL DISTRICT

**Cost Per School Facility Per Pupil for General Fund and 10% of Basic Capital Outlay Expenditures
Years Ended June 30, 1996 through 2005**

School Facility	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
Ashman Elementary	\$ 4,958	\$ 4,662	\$ 4,690	\$ 4,810	\$ 4,377	\$ 4,321	\$ 4,067	\$ 3,727	\$ 3,603	\$ 3,373
Koosharem Elementary	5,981	5,808	6,462	6,756	6,117	6,720	7,230	6,385	5,362	4,427
Monroe Elementary	4,970	4,739	4,725	4,598	4,345	4,074	4,161	3,723	3,749	3,354
Pahvant Elementary	4,815	4,477	4,323	4,712	4,433	4,266	4,326	3,957	3,809	3,532
Salina Elementary	5,071	5,067	4,897	5,507	4,522	3,960	3,915	3,854	3,823	3,238
North Sevier Middle	6,004	6,013	5,801	5,935	5,660	5,004	5,123	4,191	3,849	3,756
South Sevier Middle	6,536	5,973	6,118	5,867	5,518	5,163	4,870	4,479	4,024	4,039
Red Hills Middle	5,074	4,814	4,515	4,683	4,830	4,452	4,066	3,768	3,593	3,330
North Sevier High	7,178	7,387	5,706	5,919	5,493	5,006	4,803	4,399	3,946	4,009
Richfield High	5,737	5,785	5,609	5,368	5,600	4,703	4,447	4,216	3,964	3,651
South Sevier High	6,416	5,935	6,392	5,399	4,985	4,535	4,451	4,166	4,172	4,006
Cedar Ridge High	6,756	6,308	5,520	7,610	8,236	4,898	4,356	4,312	3,867	4,140
Youth in Custody	12,319	10,732	9,063	7,717	8,804	6,512	6,589	4,237	3,695	4,664
Average Cost Per Pupil	\$ 5,584	\$ 5,413	\$ 5,238	\$ 5,263	\$ 4,990	\$ 4,529	\$ 4,389	\$ 4,042	\$ 3,856	\$ 3,604
Percent Change from Prior Year	3.16%	3.34%	-0.48%	5.47%	10.18%	3.19%	-8.58%	4.82%	-6.99%	10.89%
Average Cost Per Pupil from the Capital Projects Fund	\$ 132	\$ 194	\$ 145	\$ 109	\$ 32	\$ 61	\$ 64	\$ 26	\$ 102	\$ 71
Average Cost Per Pupil from the General Fund	\$ 5,452	\$ 5,219	\$ 5,093	\$ 5,154	\$ 4,958	\$ 4,468	\$ 4,325	\$ 4,016	\$ 3,754	\$ 3,533

Note: The 10% of basic program costs from the Capital Projects Fund which have been spent for General Fund purposes has been included in the average cost per school facility per pupil amounts.

Information for this schedule was obtained from the historical financial and statistical records of the District

SEVIER SCHOOL DISTRICT

Cost Per Expenditure Function Per Pupil for General Fund and 10% of Basic Capital Outlay Expenditures
Years Ended June 30, 1996 through 2005

Function Classification	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
Instructional Services	\$ 3,930	\$ 3,583	\$ 3,471	\$ 3,568	\$ 3,397	\$ 3,184	\$ 3,055	\$ 2,800	\$ 2,709	\$ 2,528
Support Services:										
Counseling & Health	127	124	120	122	106	92	83	86	85	69
Media and Inservice	60	58	60	75	62	57	59	50	58	53
General Administration	118	117	114	107	108	101	120	107	99	97
School Administration	323	321	295	338	304	278	267	252	237	232
Business/Data Processing	108	106	92	88	70	73	74	67	58	40
Operation of School Bldg	650	848	837	719	698	543	532	504	450	432
Student Transportation	268	256	249	246	245	201	199	176	160	153
Total Support Services	1,654	1,830	1,767	1,695	1,593	1,345	1,334	1,242	1,147	1,076
Totals	\$ 5,584	\$ 5,413	\$ 5,238	\$ 5,263	\$ 4,990	\$ 4,529	\$ 4,389	\$ 4,042	\$ 3,856	\$ 3,604

Cost Per Expenditure Function by Percentage for General Fund and 10% of Basic Capital Outlay Expenditures
Years Ended June 30, 1996 through 2005

Function Classification	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
Instructional Services	70.38%	66.19%	66.27%	67.79%	68.08%	70.30%	69.61%	69.27%	70.25%	70.14%
Support Services:										
Counseling & Health	2.27%	2.29%	2.29%	2.32%	2.12%	2.03%	1.89%	2.13%	2.20%	1.92%
Media and Inservice	1.07%	1.07%	1.15%	1.43%	1.24%	1.26%	1.34%	1.24%	1.50%	1.47%
General Administration	2.11%	2.16%	2.18%	2.03%	2.16%	2.23%	2.73%	2.65%	2.57%	2.69%
School Administration	5.78%	5.93%	5.63%	6.42%	6.09%	6.14%	6.08%	6.24%	6.15%	6.44%
Accounting & Purchasing	1.93%	1.96%	1.76%	1.67%	1.40%	1.61%	1.69%	1.66%	1.50%	1.11%
Operation of School Bldg	11.64%	15.67%	15.98%	13.66%	13.99%	11.99%	12.12%	12.47%	11.67%	11.99%
Student Transportation	4.80%	4.73%	4.75%	4.67%	4.91%	4.44%	4.53%	4.35%	4.15%	4.25%
Total Support Services	29.62%	33.81%	33.73%	32.21%	31.92%	29.70%	30.39%	30.73%	29.74%	29.86%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

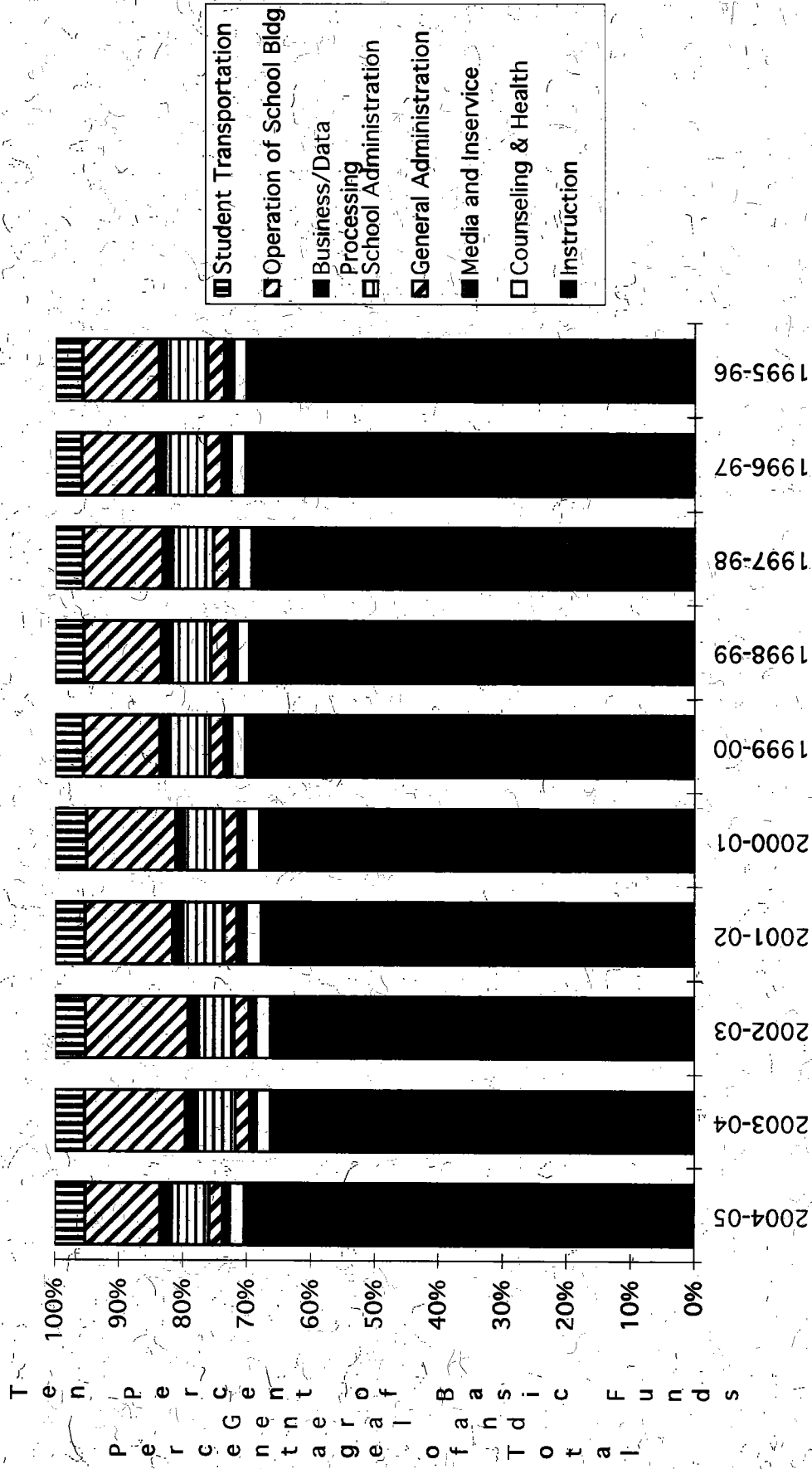
Note: The 10% of basic program costs from the Capital Projects Fund which have been spent for General Fund purposes has been included in the average cost per school facility per pupil amounts.

* Business and Data Processing were combined into a single column to provide consistent comparability with the financial statements

Information for this schedule was obtained from the historical financial and statistical records of the District

SEVIER SCHOOL DISTRICT

Cost Per Expenditure Function Per Pupil by Percentage of Total General Funds
and 10% of Basic Capital Outlay Expenditures
For the Years Ended June 30, 1996 through 2005



SEVIER SCHOOL DISTRICT
School Food Services Facts and Figures
Years Ended June 30, 1996 through 2005

	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>
Number of Operating Cafeterias	11	11	11	11	11	11	11	11	11	11
Number of Schools Participating in Lunch Program	12	12	12	12	12	12	12	12	12	12
Student Lunches Served:										
Free	169,801	166,867	169,453	170,224	173,729	178,939	166,335	161,025	176,732	175,998
Reduced	90,300	88,187	80,350	74,099	69,432	66,689	64,890	72,364	72,184	79,179
Fully Paid	206,778	199,582	194,055	198,506	210,134	201,736	193,851	199,897	198,319	193,699
	<u>466,879</u>	<u>454,636</u>	<u>443,858</u>	<u>442,829</u>	<u>453,295</u>	<u>447,364</u>	<u>425,076</u>	<u>433,286</u>	<u>447,235</u>	<u>448,876</u>
Percentage of Student Lunches Served:										
Free	36.369%	36.703%	38.177%	38.440%	38.326%	39.999%	39.131%	37.164%	39.517%	39.209%
Reduced	19.341%	19.397%	18.103%	16.733%	15.317%	14.907%	15.266%	16.701%	16.140%	17.639%
Fully Paid	44.289%	43.899%	43.720%	44.827%	46.357%	45.094%	45.604%	46.135%	44.343%	43.152%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Adult Lunches Served	24,288	27,944	22,536	21,755	21,962	22,020	22,741	22,626	23,779	25,908
Number of Serving Days	178	178	178	177	179	179	179	179	179	179
Summer Food Service Program										
Children Lunches Served	21,066	-	-	-	11,265	27,261	30,548	28,738	29,988	27,577
Adults	401	-	-	-	140	378	549	540	708	654
Number of Schools Participating in Breakfast Program	4	4	4	4	4	4	4	4	5	
Student Breakfasts Served:										
Free	30,828	28,832	33,040	30,599	34,068	33,698	30,833	28,587	26,877	
Reduced	6,324	8,206	6,004	5,654	5,520	3,898	4,219	4,196	3,086	
Fully Paid	4,560	4,384	4,234	4,289	3,305	2,680	2,656	3,355	2,893	
	<u>41,712</u>	<u>41,422</u>	<u>43,278</u>	<u>40,542</u>	<u>42,893</u>	<u>40,276</u>	<u>37,708</u>	<u>36,138</u>	<u>32,856</u>	
Number of Serving Days	177	177	177	177	179	179	179	179	179	
Average Number of Meals Served Daily:										
Student Lunch	2,623	2,554	2,494	2,502	2,532	2,499	2,375	2,421	2,499	2,508
Adult Lunch	130	157	94	123	123	123	127	126	133	145
Student Breakfast	236	234	245	229	240	225	211	202	184	
Average Daily Membership	4,347	4,353	4,390	4,455	4,508	4,616	4,706	4,839	4,933	4,917
Percentage of Student Lunches Served to ADM	60.34%	58.67%	56.81%	56.16%	56.17%	54.14%	50.47%	50.03%	50.66%	51.01%
Price for Fully Paid Lunch	1.40-1.55	1.40-1.55	1.35-1.50	1.25-1.40	1.25-1.40	1.25-1.40	1.25-1.40	1.25-1.40	1.20-1.35	1.15-1.30

The District did not qualify to participate in the Summer Food Service Program beginning with the summer of 2001 through the summer of 2004. The number of meals shown for 2001 fiscal year reflects those who participated during the summer months of July and August, 2000, and those shown for 2005 fiscal year reflect those who participated during June, 2005.

Information for this schedule was obtained from the historical statistical records of the District based on claims made for reimbursement

SEVIER SCHOOL DISTRICT

Schedule of Insurance in Force
June 30, 2005

Type	Expiration Date	Details of Coverage	Limits	Annual Premium
Blanket Property, Fidelity & Boiler	Until Cancelled	\$1,000 Deductible	\$1,000,000 for employees	\$ 61,707
Workmen's Compensation	Until Cancelled		Lost Wages	110,386
Public Official Treasurer Bond	Until Cancelled	\$1,000 Deductible	\$1,500,000 each occurrence	1,615
General Liability	Until Cancelled	As listed in the Statement of Values	\$10,000,000 each occurrence loss, or claim resulting from any situation not subject to a sub-limit	51,040
Automobile Liability	Until Cancelled	As listed in the Statement of Values	\$10,000,000 each occurrence loss, or claim resulting from any situation not subject to a sub-limit	included
Personal Injury Liability	Until Cancelled	As listed in the Statement of Values	\$10,000,000 each occurrence loss, or claim resulting from any situation not subject to a sub-limit	included
Errors or Omissions Liability	Until Cancelled	As listed in the Statement of Values	\$10,000,000 each occurrence loss, or claim resulting from any situation not subject to a sub-limit	included
Malpractice Liability	Until Cancelled	As listed in the Statement of Values	\$10,000,000 each occurrence loss, or claim resulting from any situation not subject to a sub-limit	included
Property Damage:				
District Vehicles	Until Cancelled	\$1,000 Deductible	Vehicle Value	5,658
Driver Education	Until Cancelled	\$1,000 Deductible	Vehicle Value	300
Buses	Until Cancelled	\$1,000 Deductible	Vehicle Value	4,200
Total Cost of Insurance in Force				234,906
The district received credits against their insurance premium for the following areas:				
Self Inspection (Liability)				7,656
Self Inspection (Property)				10,890
Total Credits Against Premiums				18,546
Net Cost of Insurance in Force				<u>\$ 216,360</u>

Information for this schedule was obtained from the historical financial records of the District and the District's insurance carrier

SEVIER SCHOOL DISTRICT
Percent of Unreserved and Undesignated Fund Balance to Total
General Fund Expenditures
1996-2005

<u>Year Ended June 30</u>	<u>Unreserved and Undesignated Fund Balance</u>	<u>Total General Fund Expenditures</u>	<u>Percent of Unreserved and Undesignated Fund Balance to General Expenditures</u>
1996	600,569	17,435,854	3.44%
1997	706,613	18,614,845	3.80%
1998	637,750	19,551,817	3.26%
1999	753,035	20,490,458	3.68%
2000	997,881	20,740,749	4.81%
2001	1,234,138	22,471,601	5.49%
2002	673,684	23,122,771	2.91%
2003	1,158,682	22,512,342	5.15%
2004	1,379,833	22,848,860	6.04%
2005	1,542,249	23,769,054	6.49%

Information for this schedule was obtained from the historical financial records of the District

(This page contains no information
and is used to assist in formatting, for easier reading)

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Sevier School Board
Sevier School District
Richfield, Utah 84701

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Sevier School District as and for the year ended June 30, 2005, which collectively comprise Sevier School District's basic financial statements and have issued our report thereon dated September 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

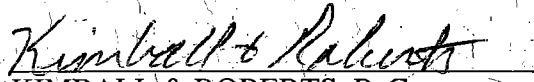
In planning and performing our audit, we considered Sevier School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sevier School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Sevier School Board
Sevier School District
Page -2-

This report is intended solely for the information and use of the audit committee, management, school board, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

September 22, 2005
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Sevier School Board
Sevier School District
Richfield, Utah 84701

Compliance

We have audited the compliance of Sevier School District with the types of compliance requirements described in the *U. S. Office of Management of and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Sevier School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Sevier School District's management. Our responsibility is to express an opinion on Sevier School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standard generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sevier School District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Sevier School District's compliance with those requirements.

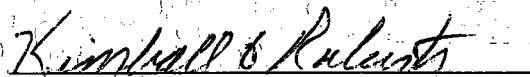
In our opinion, Sevier School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Sevier School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sevier School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

September 22, 2005
Richfield, Utah

**SEVIER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Fiscal Year Ended June 30, 2005

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the comprehensive annual financial statements of Sevier School District.
2. No reportable conditions relating to the audit of the financial statements are reported in the Auditor's report on Internal Control and Compliance With Laws and Regulations.
3. No instances of noncompliance material to the financial statements of Sevier School District were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Sevier School District expresses an unqualified opinion.
6. There were no findings relative to the major federal award programs for Sevier School District.
7. The programs tested as major programs include: Title I Grants to Local Education Agencies, CFDA 84.010 and Medical Assistance Program, CFDA 93.778.
8. The threshold for distinguishing Type A and B programs is \$300,000.
9. Sevier School District was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

SEVIER SCHOOL DISTRICT
Schedule of Federal Awards Expended
For the Year Ended June 30, 2005

<u>Federal Assistance Programs</u>	<u>CFDA Number</u>	<u>Federal Grantor's ID Number</u>	<u>Grantor Agency</u>	<u>Direct or Pass-through</u>	<u>Amount of Expenditures</u>
<u>Agency/Program Grant Title</u>					
Department of Agriculture:					
Schools & Roads - Grants to States	10.665	N/A	Sevier County	Pass-through	\$ 41,929
Food Donation	10.550	N/A	USOE	Pass-through	104,437
School Breakfast Program	10.553	054425	USOE	Pass-through	53,729
Summer Food Service Program for Children	10.559	054825	USOE	Pass-through	50,092
National School Lunch Program-Regular Students	10.555	054225	USOE	Pass-through	98,045
National School Lunch Program-Free & Reduced Students	10.555	054325	USOE	Pass-through	491,894
Total Department of Agriculture					840,126
Department of Interior and Related Agencies:					
Indian School Equalization Program	15.042	N/A	BIA	Direct	639,761
Total Department of Interior and Related Agencies					639,761
U.S. Department of Education					
Title I Grants to Local Educational Agencies-Indian	84.010	050808	BIA	Direct	103,408
Title I Grants to Local Educational Agencies-Indian	84.010	040808	BIA	Direct	68,471
Impact Aid	84.041	N/A	Dept of Ed	Direct	78,237
Title I Grants to Local Educational Agencies	84.010	040808	USOE	Pass-through	58,266
Title I Grants to Local Educational Agencies	84.010	050808	USOE	Pass-through	505,327
Special Education-Grants to States	84.027	051906	USOE	Pass-through	856,731
Special Education-Grants to States-Capacity Building	84.027	051906	USOE	Pass-through	9,893
Vocational Education-Basic Grants to States-Carl Perkins	84.048	052106	USOE	Pass-through	79,798
Vocational Education-Basic Grants to States-Ldrshp & Dev	84.048	052106	USOE	Pass-through	8,903
Special Education-Preschool Grants	84.173	055206	USOE	Pass-through	64,993
Safe and Drug-Free Schools and Communities-State Grants	84.186	050908	USOE	Pass-through	23,192
Fund for the Improvement of Education-(FIE), Prof Dev. Rural E	84.215K	051008	USOE	Pass-through	6,653
Innovative Education Program Strategies	84.298	059008	USOE	Pass-through	26,981
Education Technology State Grants	84.318	050708	USOE	Pass-through	19,475
English Language Acquisition Grants	84.365		USOE	Pass-through	5,372
Improving Teacher Quality State Grants	84.367	047408	USOE	Pass-through	3,610
Improving Teacher Quality State Grants	84.367	057408	USOE	Pass-through	232,079
Total Department of Education					2,151,389
Department of Health and Human Services:					
Medical Assistance Program-Admin Outreach	93.778	041811		Direct	4,010
Medical Assistance Program	93.778	031811		Direct	114,639
Medical Assistance Program	93.778	041811		Direct	277,526
Total Department of Health and Human Services					396,175
Total Federal Financial Assistance					\$ 4,027,451

SEVIER SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2005

NOTE 1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Sevier School District. The District reporting entity is defined in Note 1 to the District's government-wide financial statements. All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other government agencies are included on the schedule.

(A) Basis of Accounting:

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's government-wide financial statements.

(B) Noncash Federal Financial Assistance:

Noncash federal awards are determined by commodities received during the year, expressed at market value. School districts participating in the USDA Food Distribution Program during the 2004-05 year were sent a monthly report by the state detailing market value of USDA goods received for the month. Noncash federal awards are based on these reports.

(C) Relationship to District's Financial Statements:

Federal awards expended on the Schedule of Expenditures of Federal Awards for the year ended June 30, 2005 are reported in the District's government-wide financial statements as federal revenues as follows:

General Fund	\$ 3,164,261
School Food Services Fund (Special Revenue Fund)	798,197
Non K-12 Programs Fund (Special Revenue Fund)	64,993
	<u>\$ 4,027,451</u>

**SEVIER SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS**

For The Fiscal Year Ended June 30, 2005

There were no prior audit findings.

Kimball & Roberts

Certified Public Accountants
A Professional Corporation

Box 663
Richfield, Utah 84701
Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

Sevier School Board
Sevier School District
Richfield, Utah 84701

We have audited the basic financial statements of Sevier School District, for the year ended June 30, 2005, and have issued our report thereon dated September 22, 2005. As part of our audit, we have audited Sevier School District's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2005. The District received the following major State assistance programs from the State of Utah (each passed through the State Office of Education):

Minimum School Program
School Building Program

The District also received other nonmajor State grants that are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Sevier School District's financial statements):

Adult Education Reporting
Drivers Education

Our audit also included testwork on the District's compliance with those general compliance requirements identified in the *State of Utah Legal Compliance Audit Guide* including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Other Compliance Requirements

The management of Sevier School District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Sevier School District, complied, in all material respects, with the general compliance requirement identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance program for the fiscal year ended June 30, 2005.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

September 22, 2005
Richfield, Utah